

Building Human Resources Capacity: Developing Competencies for Microfinance Institutions



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Chapter One: Introduction to the Competency Framework

Women’s World Banking (WWB) is pleased to introduce *Building Human Resources Capacity: Developing Competencies for Microfinance Institutions*, a report which shares several years of WWB’s hands-on experience and lessons learned in the use of competency-based human resource systems to build organizational capability for microfinance institutions. The report has the following objectives:

1. To create awareness among microfinance institutions (MFIs) of the importance of building organizational capability alongside products, processes and systems.
2. To introduce the competency-based human resources (HR) system as an approach to building organizational capability in a systematic and integrated way.
3. To describe the process by which competency models are developed and to illuminate key decision points in each step.
4. To illustrate how competency models can be applied in different areas of human resource management.

Accompanying this report is a Directory of Competencies (see Appendix 1), a compilation of the competencies that were defined through WWB’s organizational effectiveness work with four of our network member institutions. The Directory contains behavioral definitions of the key competencies in microfinance, and a brief conceptual framework providing background for readers unfamiliar with competency modeling. Also included are suggestions on use of the Directory to improve current human resource procedures and practices.

Background

Microfinance has come of age. The United Nations declared 2005 the Year of Microcredit, recognizing microfinance as a sustainable approach to reaching its millennium development goals. In 2006, the Nobel Peace prize was awarded to Grameen Bank’s Muhammad Yunus, drawing a link between world peace and the alleviation of poverty through microfinance. By the start of 2007, the global microfinance industry had crossed a major threshold, reaching 100 million clients with financial services.

The newfound status and recognition of microfinance has contributed to a more complex operating environment for many microfinance institutions (MFIs). Closer scrutiny from governments and other policy-making institutions has made regulatory and policy environments harder to predict. Vastly increased media coverage—positive as well as negative—has facilitated access to information as well as spread disinformation among clients. Increased savvy and sophistication of microfinance clients has spawned demand

for more diversified product offerings, better customer service and differentiation in the marketplace while increasing pressure to reduce interest rates.

At the same time, the profitability of microfinance has attracted new entrants with considerably greater resources. The widespread dissemination and application of best practices in microfinance methodology and technology has allowed new entrants to hurdle operational and methodological obstacles and very quickly begin to compete with current industry leaders.

Because of today's rapidly changing environment, MFIs' competitive positions are constantly being challenged; current and past successes do not guarantee success in the future. Clearly, the old paradigm of measuring the strength of an organization wholly or primarily on results is no longer sufficient. MFIs are faced with a new challenge: how to build and measure organizational capability to support their growth and/or change strategies.

Organizational capability is the "ability of a firm to manage people to gain a competitive advantage."¹ Institutions seeking to maintain their foothold in the market and secure their position for the future must "ensure that the skills and efforts of employees are directed towards achieving the goals of the organization as a whole. In this way, employees become a critical source for competitiveness that will sustain itself over time."² WWB's work with its network member institutions has shown the effectiveness of the competency-based HR system as a systematic and integrated method of building organizational capability.

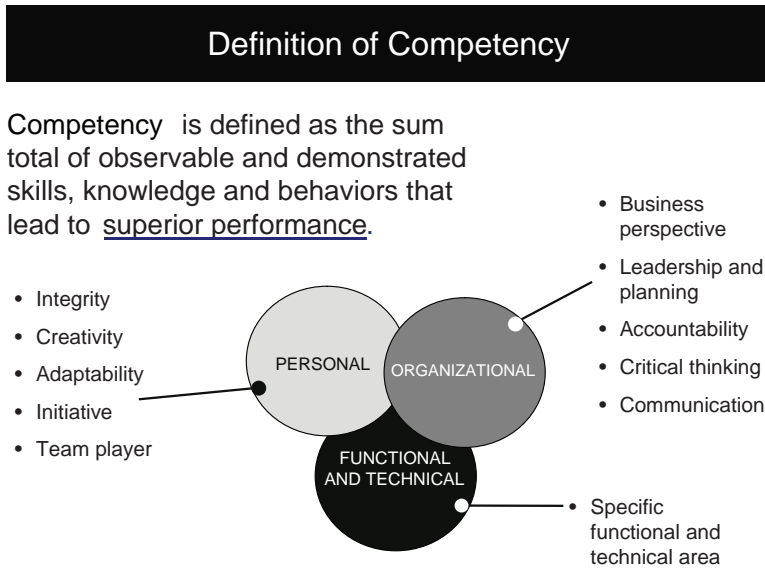
The Competency Framework

The competency framework provides a way for institutions to build the organizational capability necessary to implement their business strategies for the future. The framework offers a process for organizations to define the competencies that support each of their key processes, and measure each individual against the required competencies. The competency framework provides a picture of overall institutional capability that cannot be captured through the traditional focus on results. Today, more and more organizations recognize that sustained performance and competitiveness can only be achieved by ensuring both results and overall capability.

WHAT IS COMPETENCY?

The term *competency* is used broadly by many people with various meanings. Some use it interchangeably with skill. Others equate the word with a person's "competence" in a given area. In the organizational development field, the term has a broader meaning than in either of these uses. This broader use of competency stems from the work of David McLelland, who studied human behavior in organizations and identified the "behaviors" of staff that correlated directly to superior performance. Prompted by the need to look for better predictors of success on the job than the tests, academic requirements or qualifications that employers had been using traditionally, McLelland's approach—called "competency modeling"—has been adopted widely by both private and public institutions and has been in use since the 1990s.

Figure 1



In the competency modeling approach, competency is defined as the sum total of observable and demonstrated skills, knowledge and behavior that lead to superior performance. The key words in this definition are *observable and demonstrated*. Because the rationale for the study of competency is to identify predictors of success, these predictors must be clearly identifiable and observable. Thus competencies are usually expressed in terms of behaviors that can be observed and measured.

Box 1

Competency Versus Skill

“‘Competency’ was a term that was coined to replace the narrower term ‘skill.’ In the USA, you can go to a technical high school and learn how to be a filling-station attendant. You practice unscrewing the cap, putting the petrol in, and so on. But, from my observation, that’s relatively unimportant in determining how often a customer stops at the station. More important is whether the attendant smiles or growls at you.

“So, we developed a competency called ‘customer service orientation,’ which covers a broad range of being nice to customers. We call it a ‘competency’ because it’s obviously more than just skills, it covers a variety of types of acts, and each of these gets incorporated into the dictionary definition of a particular competency. There are particular behaviors behind each competency and you can look them up.”

Source: Interview with David McLelland by Katherine Adams, *Competency & Emotional Intelligence*.

Box 1 refers to the competency “customer service orientation,” which is critical for employees who have direct contact with customers. For the competency to be clearly identified and measured, the definition must go beyond the broad requirement of “being nice to the customer” or “the ability to develop an ongoing beneficial relationship between clients and the organization” in order to identify specific acts or behaviors that demonstrate “being nice” and achieve the result of “developing ongoing beneficial relationship with the customer.” Examples of such behaviors are:

- Listens and acts promptly and positively on complaints and concerns of clients.
- Responds to difficult clients in a calm and non-confrontational manner.

This report’s accompanying Directory of Competencies (Appendix 1) contains other examples of behavioral manifestations of various competencies.

Competencies are classified into three categories:

Technical—the set of technical/functional skills and knowledge required for the performance of a job. These are typically acquired through education, specialized training and/or relevant job experience. The depth of expertise required in each functional area will depend on the core processes of the organization. Generally, competencies associated with key business processes will require high levels of expertise. Financial analysis, and credit evaluation are examples of technical competencies.

Organizational—the set of supervisory/managerial, administrative and people skills required for effective performance. These are more difficult to develop, as they require some innate ability to make analyses and handle people. See the Directory for a list of seven organizational competencies, which include integrated perspective, management of information, and decision making and problem solving.

Personal—the set of values and habits that represent an organization’s foundation of performance and quality. These competencies are required of all positions and reflect the culture of the organization. Accountability, integrity and teamwork are examples of personal competencies.

The competency framework differs from the typical skills assessment which focuses primarily on technical skills. The premise is that technical skills by themselves do not guarantee sustained superior performance. The combination of technical, organizational and personal competencies described above is what ensures successful performance in any given job.

COMPETENCY VS. CORE COMPETENCY

It is important to distinguish “competency” as it pertains to individuals from the “core competency” of institutions. The term core competency was introduced by Hamel and Prahalad in their 1999 Harvard Business School article³ as “an area of specialized

expertise that enables a company to deliver a unique value to their customer thus achieving competitive advantage.” This proficiency can be a combination of skills and technology that produce synergy and thus is more than the sum of individuals’ competencies.

This report refers to the sum total or aggregate of individual competencies as organizational competency or institutional competency. Where the term core competency appears in this document, it is used to mean a competency that is central or “core” to a certain job or task, and by translation to the individual holding that job.

WHY USE A COMPETENCY APPROACH?

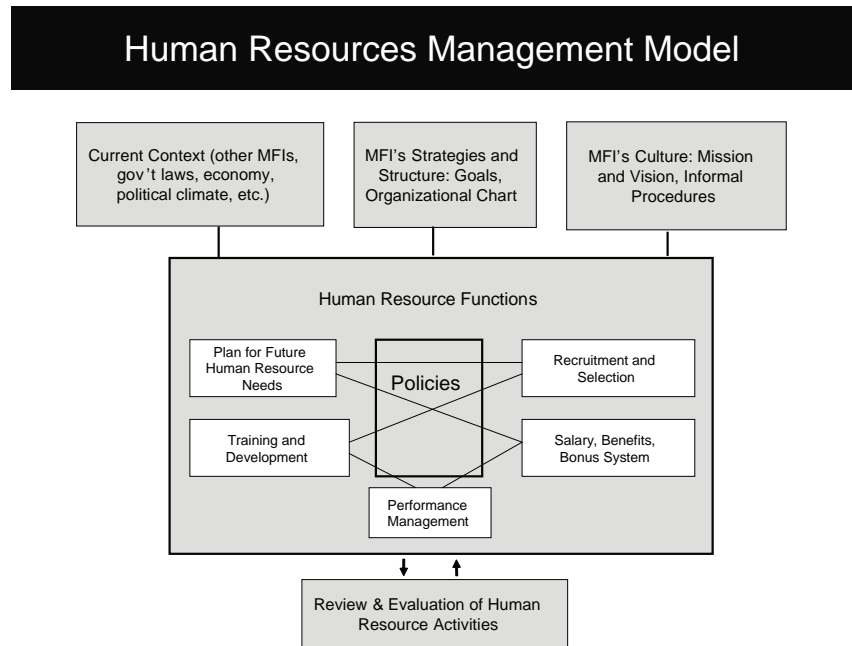
The competency approach has been widely used in many industries since the 1990s. Its application in microfinance has not been fully documented because much of the microfinance sector is still in the development stage. In the past, visionary and entrepreneurial founders and leaders of microfinance institutions have employed other ways of building up their human resources. Their deep understanding of the industry and ability to accurately read the shifting trends in the market enabled many of them to build extremely successful institutions. However, for many of these institutions the strategic human resource function is retained only at the highest level, usually by the CEO/founder. Furthermore, human resource management—even in large MFIs—tends to revolve primarily around the administrative function of hiring, paying and occasionally training people, and is often unrecognized as an essential factor in organizational strategy.

In the rapidly growing microfinance sector, it is essential that expanding MFIs separate human resource processes from the personalities and capabilities of their leaders and founders. For rapidly expanding MFIs, the responsibility for growing and developing the capability of the organization must be increasingly passed on to and shared by the rest of the organization. More importantly, MFIs must view human resources management not just as a technical function that delivers HR basics, but also as a significant strategic function for building sustained competitive advantage for the organization.

THE INTEGRATED COMPETENCY-BASED HR SYSTEM

The Human Resource Management Model⁴ shown below as Figure 2 represents how a typical MFI would view the HR function. The context for HR management is defined by external factors such as policy framework and competitive landscape, as well as internal factors such as institutional mission, vision, strategies and structures. Within the Human Resource Functions box, the lines connecting various functions of HR planning—recruitment and selection, performance management, training and development, salary administration, and so on—reflect the complementary and interrelated nature of these functions.

Figure 2

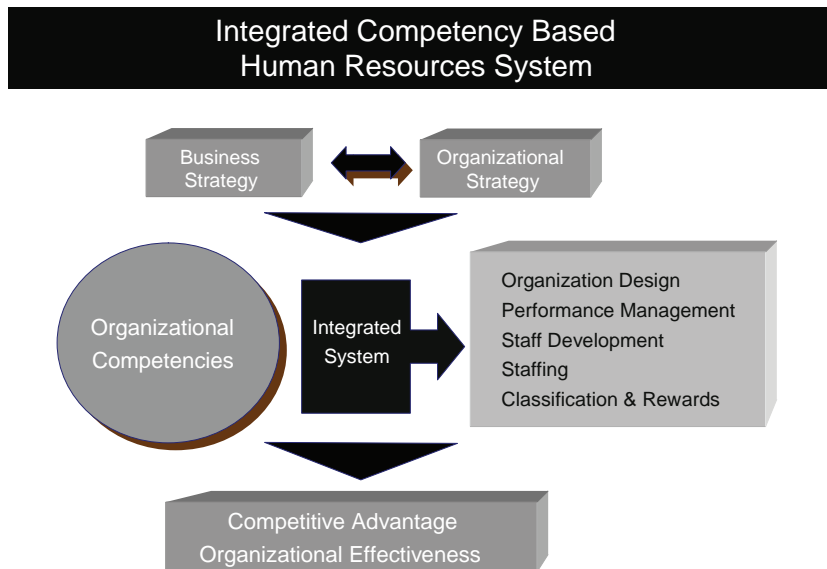


Source: chart published in January 2006 *Microbanking Bulletin about the Mennonite Economic Development Associates* (MEDA) Human Resource Management Course

The competency approach takes this model one step further by drawing more clearly the line between strategy and human resource management and ensuring the alignment of human resource practices with business strategies. It is through this ability to embed the human resource management team and its functions within a larger system of strategy implementation that value is created for the institution, and ultimately for the client. As the institution continues to create value, it is able to secure advantage for itself in the future.

The Integrated Competency-Based Human Resource System is illustrated in Figure 3. The intermediate step—the process of defining and developing the competencies that will enable the institution to execute on its strategy and deliver results—sharpens the focus and purpose of the HR function. Equally important is the fact that it helps to screen out HR practices, activities and initiatives that are not consistent with institutional strategy and therefore do not add value to the institution. As Figure 2 suggests, there are many factors that may impact on an institution's HR policies and practices. Without a clear integrating framework, HR activities and practices can shift under the influence of changing donor priorities or market trends and fads. Focusing all internal organizational processes and systems toward the achievement of institutional objectives is critical to building organizational capability.

Figure 3



The competency approach is a systematic way of integrating all HR processes, from recruiting, retaining, and re-training to rewarding and even retiring. The competency system serves as the link between all of these processes. First, it allows the organization to define the profile of employees it needs, to ensure that the right employees are recruited and hired by the organization. As new employees start to perform their assigned jobs, the competency system is a means of monitoring performance and designing relevant coaching and mentoring activities. Performance evaluation systems can be re-designed to incorporate a regular assessment against competencies required for an employee's current job. Performance evaluations will more clearly identify developmental requirements; rewards and incentives will be aligned to the competency levels required for a job in order to attract and retain employees. The competency system can also help clarify career paths when employees are periodically assessed against competencies for positions at the next higher institutional level. This also enables the systematic development for critical positions. When these processes are integrated and consistent, reinforce each other, and are focused toward achieving institutional strategies, an institution is better able to build sustainable advantage in its markets. An integrated competency-based human resource system offers an institution the following distinct advantages:

1. The competency approach institutionalizes the processes for defining competencies and job requirements. This helps ensure a more consistent application of the criteria for hiring across jobs and across levels in the organization. Setting requirements for qualities and values of new recruits also helps institutions preserve the culture of their institution without dependence on the "gut feelings" of their leaders.
2. The program offers a systematic and integrated methodology, reducing guesswork about whether human resource initiatives will have the desired impact on overall

organizational capability. With the competency approach as the organizing principle, all human resource practices are aligned towards the strategic objectives of the organization, and inconsistent HR activities and practices can be systematically filtered out.

3. The competency system is dynamic. As markets change, manpower requirements also change; once the foundation has been laid, modifications can be made easily and logically without destabilizing the entire organization. Both newly created and existing job profiles can be modified through a systematic and transparent process.
4. The institution is able to partner with the individual in his/her development, because that individual's required competencies have been clearly defined. Consequently, staff members can take an active role in their own personal development. Employees' options within an institution also become more transparent, allowing them to map out their own career path.

THE WOMEN'S WORLD BANKING APPROACH

Over the past three years, Women's World Banking has worked with four of its network member institutions to build competency models that will help them face the increasing demands of their changing contexts and environments. These institutions are:

- Negros Women for Tomorrow Foundation, Philippines
- Friends of Women's World Banking, India in Ahmedabad, India
- Shakti Foundation for Disadvantaged Women in Dhaka, Bangladesh
- Al Amana Association in Rabat, Morocco

Previous work with these institutions had raised some questions about the preparedness of their human resources to pursue strategic decisions and directions, in particular:

- Are the current skills of the staff appropriate to deliver on the organizational strategy?
- Does the organization have the correct number of staff for its growth strategy?
- How effective are its recruitment policies and procedures?
- How competitive is the compensation and benefits package?
- How can gaps be closed in the second layer of management?

These issues touched on the various roles associated with human resources management, including recruitment, compensation, training and development. However, underneath

these questions was a more fundamental question of how human resource management could be aligned with the vision and strategic direction of the institution. The competency-based human resource system was identified as a unifying framework that would allow them to respond to these issues in an integrated way. The questions were then reframed to consider the following:

- What competencies are needed for the institution to deliver on its strategy and have sustainable advantage in the markets where it has chosen to compete?
- Which of these competencies does the institution currently have, and at what levels of proficiencies?
- Which competencies need to be built and developed?
- How does the institution attract and maintain managers/staff members who have these competencies or have the potential to develop them?

Selection Criteria

In engaging with its network members, WWB employed a set of criteria that included the following:

- 1. Clear Strategy**—The competency development process must follow the strategy development process. Competencies themselves should not drive strategy; if this were so, an institution’s strategic choices would be limited only to those which could be achieved using current resources or competencies. Competency development is a forward-looking process in which the institution evaluates what competencies it currently has in order to determine those it needs to develop and acquire.
- 2. Commitment from the Top**—The process of building organizational capability is not a one-off activity. The process is a complex one which could tie down time and resources for an extended period of time. Not only is a strong message from the top required to kick off the project and seize the attention of the organization, continuing commitment from the top over the long-term is essential in order to sustain the momentum for change. High-level involvement—particularly of the CEO—in all crucial steps of the process is key.
- 3. An Anchor in the Organization**—The anchor of the project should be differentiated from its champion, generally the CEO. The anchor is the “process owner” or “project manager,” the individual who will carry the ball on a daily basis, perform the follow-up tasks, and ensure that required resources are deployed. Ideally, this should be the HR manager. The mutual accountability principle⁵ of the WWB network requires that an MFI take not just an active role in all the change initiatives, but the lead role for on-the-ground processes.

4. **Involvement of Staff and Management at Different Levels**—To build a relevant and valid competency model, the process must involve the organization’s staff members as active partners. The employees of an institution have experience and expertise regarding what is required for them to succeed in their individual jobs. The institution should be able to commit to the process the time of both management and staff.

Chapter Two: Developing the Competency Model

This chapter will detail the process used by WWB to develop competency models with MFIs in its network. In addition to describing WWB's methodology, the chapter will show the relevance and applicability of the competency framework in microfinance.

The process itself is more complex than it may appear at first glance. WWB advises that even MFIs with strong and highly developed internal processes undertake the process with external assistance, particularly when conducting the process for the first time. A consultant who has previously worked with competency models is essential to lead the process and provide invaluable insight from experiences with other organizations. Work experience in the microfinance sector, while not a requirement, is also an important consideration when an organization selects consultants.

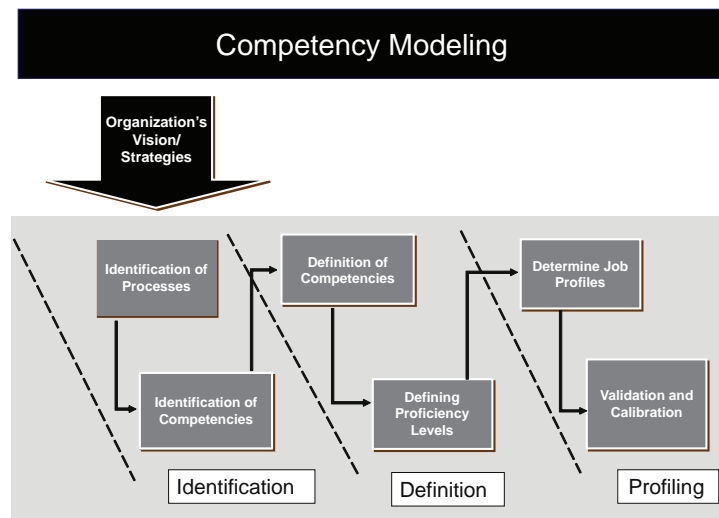
Competency Modeling

There are three major phases to competency modeling:

- 1. Competency Identification.** Identification of key competencies that an institution needs in order to deliver on its strategy effectively. This phase involves a thorough assessment of the organization's directions and the internal processes necessary to support its strategic initiatives. The output of this phase is a complete list of required competencies.
- 2. Competency Definition.** Once the key competencies are identified, definitions are crafted and specific behavioral manifestations of the competencies are determined. The behavioral requirements can be developed after a series of interviews with management and key staff. In this phase, competencies also may be differentiated into proficiency levels. A competency directory should be produced at the end of this phase.
- 3. Competency Profiling.** Also known as Job Profiling, this phase is where competencies are identified for specific jobs within an institution. The mix of competencies will depend on the level of each position. The resulting job profiles are then tested and validated for accuracy.

Under each of these phases, there are further discrete processes and important decision points. The entire process is captured in the following schematic diagram:

Figure 4



ASSEMBLING THE COMPETENCY PROCESS TEAM

The first step is assembling the team for the process. For the institutions that WWB worked with, the team was composed of people from WWB and the MFI. In general, the team should consist of an outside consultant or consultants, and representatives of the MFI undertaking the competency process.

For the MFI, it is important that the team comprises people who have deep knowledge of the institution—in particular, key institutional processes—and people who have the authority to make decisions. This is usually an organization’s management. The competency process team must have access to high-performing individuals from key functional areas for interviews and focus groups, and if job profiles and assessments of branch managers and/or loan officers are planned, it is important to include representatives from these groups in the team as well. Needless to say, the participation of the CEO is critical in sending the right message to the rest of the team regarding the significance of the undertaking.

WWB’s advisory team comprises two or three people, usually including the Relationship Manager for the network member MFI. As the keeper and trustee of the relationship between WWB and the network member, and the integrator of WWB services to the MFI, the Relationship Manager has both deep knowledge of and relationships within the institution, as well as a solid grasp of the broad contextual and environmental challenges and opportunities facing the MFI. The Relationship Manager is thus uniquely positioned to provide insight on the future trends that may impact the institution. The other member or members of the WWB team represent the Organizational Effectiveness Team, and are either members of WWB’s New York-based Global Team or consultants who have expertise in various areas of organizational development and experience with competency models and competency modeling processes.

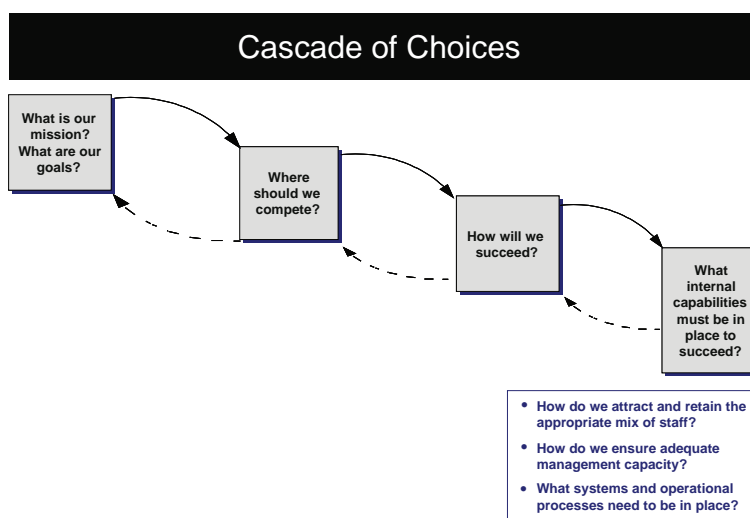
WWB’s approach, particularly in the area of organizational development, is to involve the MFI as much as possible in developing systems and policies for the assessment and evaluation of their own institution, and most importantly, in performing the actual assessments and evaluations. In some instances, external consultants visit an organization, interview a few people, make assessments and conclusions, and leave a long list of recommendations for the institution. Too often, however, these recommendations are filed away rather than implemented because key staff members do not agree with the consultants’ evaluation, or recommendations, or both. WWB’s engagement with its network members continues far beyond the submission of recommendations or action plans. The principle of mutual accountability is sustained through diligent follow-up, ensuring that action plans are actually implemented.

WWB helps microfinance institutions to take ownership of both the process and the outcome of the competency process. The process is complex, and can be time consuming; often, WWB team members must withhold their own analysis, or suspend their own recommendations, until internal ownership is built. WWB’s work is focused on designing tools as well as facilitating processes so that the organization is able to undertake a systematic and objective analysis of its situation, assess its own capabilities, and generate workable action plans. As key staff members participate in each phase of the process, they are able to influence both its design and its outcome, making it something that they undertook themselves, rather than something that was done “to them.”

IDENTIFICATION OF KEY PROCESSES

As illustrated by the diagram below, the starting point for the human resources competency modeling process is understanding the vision and strategy of the institution. The competencies and capabilities that an institution needs to build up are determined by where it wants to be in the future and how it plans to get there. The relationship between competencies and an institution’s strategy is depicted in the strategic/competitive positioning framework which WWB uses in strategy development. Represented as a cascade of choices, this framework appears as follows:

Figure 5



Source: Monitor Company

As Figure 5 shows, competency development is forward looking. It should answer questions such as:

- What competencies does an organization need to develop in order to solidify its current position?
- What competencies does it need in order to maintain its leadership and achieve competitive advantages in the future?

Once an institution has decided where it wants to position itself relative to the rest of the market, it will need to identify what competencies must be built up to ensure that its objectives can be achieved.

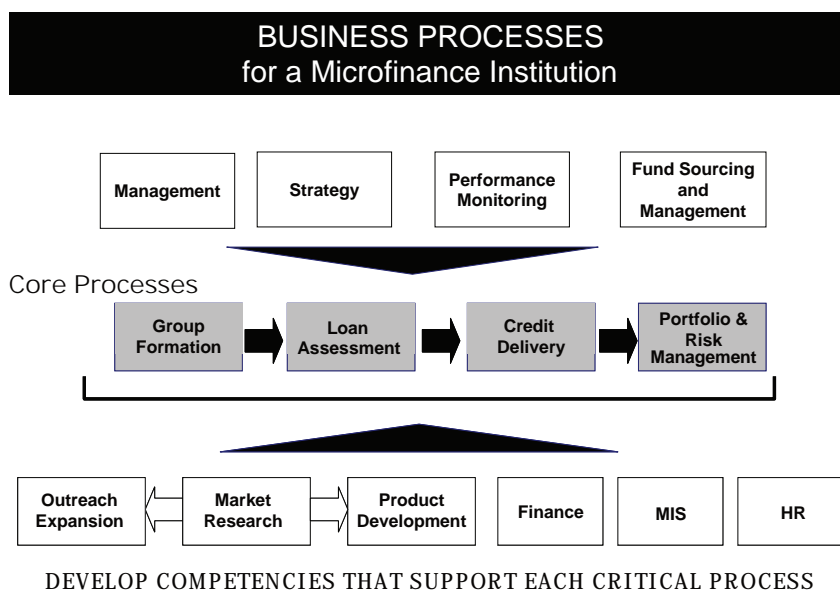
The above diagram also captures the iterative nature of this process. The dotted arrows pointing backward at the base of the cascade of choices indicate that the results of every step of the process act as the drivers to a feedback loop allowing an institution to review and adjust the choices that it has previously made. By applying the competency framework, an institution can evaluate the status of its human capital and thus determine where its strategy may be at risk. Using this information, your management team can determine whether or not it needs to make adjustments to its strategy and/or staff.

To identify the key and supporting processes necessary for an institution to deliver on its strategy, the WWB team holds extensive discussions with an institution's leadership—generally the CEO and top management—to gain a deeper understanding of the institution's short- and medium-term strategic goals and objectives. The working relationship between WWB and its network members already allows insight into the overall goals and directions of the institution. However, more focused discussions help both WWB team members and the MFI team itself to clarify and crystallize the decisions that the organization has already made for the future, the strategic direction that it has identified, and the objectives that it seeks to achieve.

Because of WWB's close relationship with its network members, the WWB team often has a broad understanding of an MFI's strategy prior to the competency modeling process. Nevertheless, interviews with the MFI team are critical in clarifying and identifying which processes are core, and which are supporting. This classification will be material to decisions about which competencies must be intrinsic to the organization, and which can be outsourced.

To facilitate the process, the WWB team begins with a “generic process map” for a typical MFI (illustrated in Figure 6). As the interviews progress, the map is modified and adjusted to reflect the specifics of each institution.

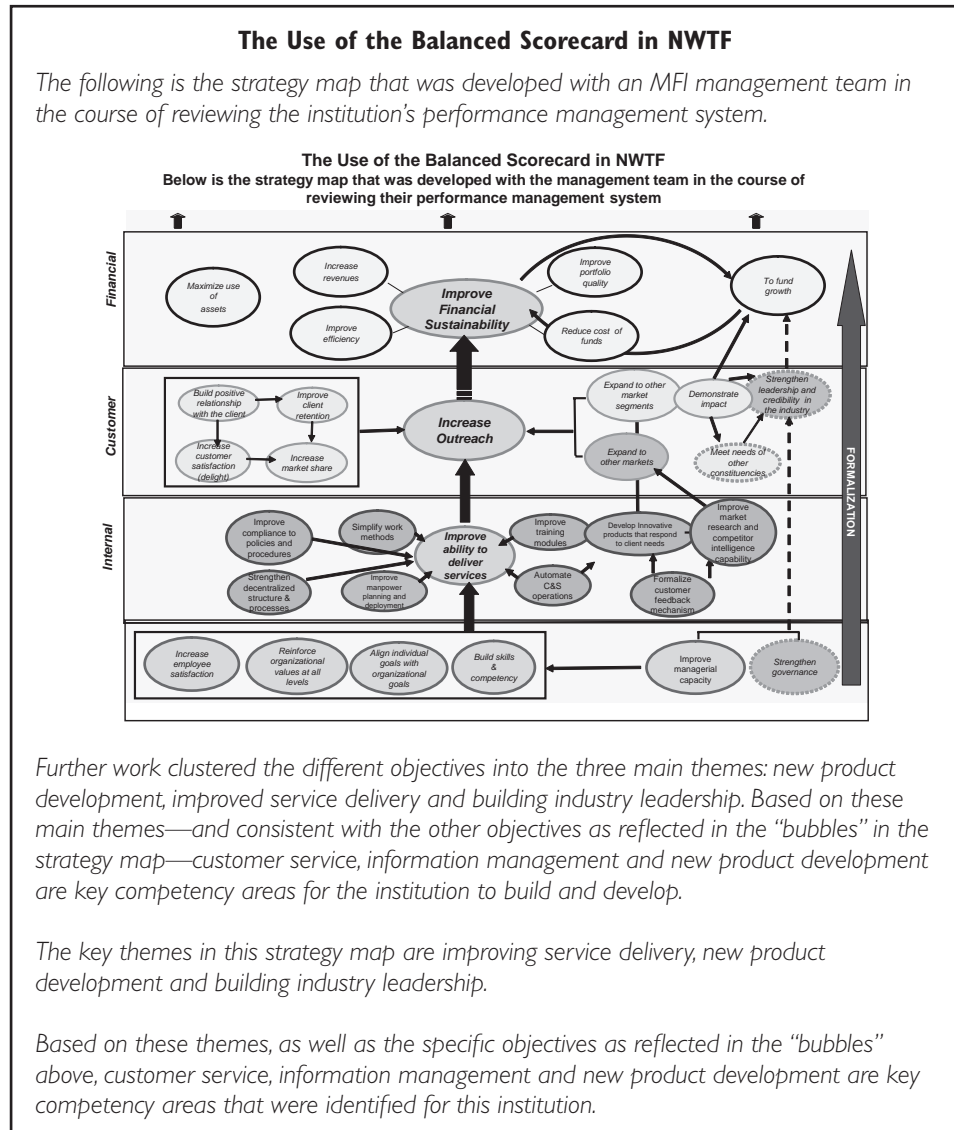
Figure 6



The four network members that WWB worked with had different structures and were at different stages of growth as well. One is a wholesaler or an apex institution; another was in a medium growth mode, while two were in an accelerated/high growth mode. As expected, there were many similarities between institutions in terms of core processes identified by the WWB and MFI teams. However, WWB discovered specific processes that were unique to each of these institutions as a result of their vision and/or their strategy.

A useful tool for homing in on the key internal processes of an institution is the Balanced scorecard. The Balanced scorecard (BSC)⁶ is a tool for strategy implementation that measures success from four different perspectives: Financial, External, Customer and Internal Processes, and the Learning and Growth perspective. The BSC is increasingly being used by MFIs⁷ to focus on the processes that are most critical to the achievement of institutional objectives. Focusing on internal processes will provide the institution with a road map of the priority competencies that need to be strengthened to support its strategy. When an MFI has an existing strategy map⁸ from the balanced scorecard process, the identification of critical processes is greatly facilitated.

Box 2



IDENTIFICATION OF COMPETENCIES

Once an institution's core and support processes have been mapped out, the joint team can proceed to identify the technical competencies under each of these processes or functional areas. At this point, it is important to define the scope of the competency modeling exercise. Creating a competency model for an entire institution is a very complex process⁹ that will require a lot of resources. In all but one of the exercises undertaken by WWB, the initial scope was limited to management positions. In two institutions, the scope was expanded to also include the positions of Loan Officer and Branch Manager. In a third institution, it was decided that competencies could be drawn up for the entire organization, which had less than 20 employees.

Technical competencies, or functional competencies, were identified by the MFI team with assistance from the WWB team. Because the competencies were defined from a map of the institution’s key processes, technical competencies were grouped along functional lines such as Loan Assessment and Approval, Portfolio and Risk Management, etc. Specific competencies were then identified under each of these broad areas as necessary.

The teams invariably faced greater challenges in identifying organizational competencies. As discussed in Chapter 1, organizational competencies involve supervisory/managerial, administrative and people skills and are more difficult to develop and analyze. The challenge here is not so much listing these competencies as identifying which are key for the institution to develop. In some instances, the key organizational competencies were identified by the CEO based on her/his own assessment of the institution’s current needs.

The key personal competencies reflect an organization’s core values. In instances where an MFI has not clearly articulated its core values, an initial list can be drawn from other institutional sources, such as qualitative areas measured in the performance evaluation system, or strategy documents. The four institutions that WWB worked with identified very similar organizational and personal competencies. Most of these organizational and personal competencies are also included in the list of most common competencies found in other models as listed below in Table 1.¹⁰

Table 1

THE COMPETENCY NAMES MOST COMMONLY FOUND IN EMPLOYERS' FRAMEWORKS			
The table classifies 49 employers' core frameworks, involving 553 competencies in total, according to the competency names they use. The results are ranked in descending order of prevalence. Note, however, that factors specific to each organization will affect how a competency name is understood: the names are not always related to their meaning.			
%*	COMPETENCY	%	COMPETENCY
86%	Team orientation	22%	Self-confidence and assertiveness
73%	Communication	22%	Self-development
67%	People management	20%	Managing
65%	Customer focus	16%	Commitment
59%	Results orientation	16%	Flexibility
57%	Problem solving	14%	Personal effectiveness
51%	Planning and organizing	14%	Valuing differences
49%	Technical skills	12%	Coaching and counseling
43%	Leadership	12%	Continuous improvement
37%	Decision making	10%	Organizational awareness
33%	Change orientation	8%	Delegating
33%	Developing others	8%	Listening
33%	Influence and persuasion	8%	Self-control
29%	Initiative	8%	Working with others
29%	Interpersonal skills	6%	Enthusiasm
29%	Strategic orientation	6%	Responsibility
26%	Creativity	4%	Anticipation
26%	Information management	4%	Behaving ethically
24%	Quality focus	4%	Numeracy
24%	Relationships		

* Percentage of employers' frameworks using this, or a similar competency name.

Source: IRS, from Competency and Emotional Intelligence website <http://www.competencyandei.com>

Attached as Appendix 1 to this report is a complete Directory of the various technical, organizational and personal competencies which were identified in the work done with the four MFIs. Although this Directory represents the cumulative work done within these four institutions, it is not a complete list for microfinance. There may be other competencies that are critical in some markets but are not included here.

DEFINING COMPETENCIES

Once the list of competencies has been drawn up, the team can begin defining the competencies. The key difference between the traditional approach to predicting success on the job and the competency approach is that the competency approach analyzes observable and demonstrable behaviors. This makes competencies measurable. It is important to keep this in mind when writing your competency definitions, which can be particularly difficult when trying to capture “knowledge” or “ability.” Some useful guidance is to use action verbs that translate knowledge and/or ability into behavior, such as generates, summarizes, analyzes, anticipates, etc.

When WWB began the competency modeling process with its network members in 2003, there were no known competency models available for the microfinance industry. This was understandable, considering the stage of development of the microfinance sector at the time. While competency models for other industries were a useful reference, most of the definitions for technical competencies had to be written from scratch, particularly for certain processes in microfinance such as group formation, center management and individual lending assessment. Even more generic functional competencies, such as marketing and financial analysis, had to be re-written to fit the context of microfinance operations. Competencies such as stakeholder management and policy advocacy that are more specific to the non-profit sector had to be written to reflect the specific context of each MFI.

DEFINING PROFICIENCY LEVELS

In defining proficiency levels, we found that institutions may need varying levels of expertise for a particular competency. The number of levels is determined by the depth of expertise required by the institution and the required complexity of the application of the knowledge. Technical competencies in particular often require several levels of expertise. Differences in the behavioral manifestations of a competency are called proficiency levels, and reflect the fact that competency is not a single point but a continuum or a range.

For organizational and personal competencies, the extent to which the behaviors can be differentiated is less than for technical competencies. The proficiency levels for organizational and personal competencies should thus be determined by examining the areas of impact or circles of influence where the employee is expected to demonstrate a specific behavior in his/her required interaction, collaboration and integration with other organization functions.

Let us take the competency teamwork as an example. In most organizations, people work in teams to be able to deliver results. Regardless of position or hierarchical status, every staff member would need to demonstrate team cooperation, which can include the following behaviors:

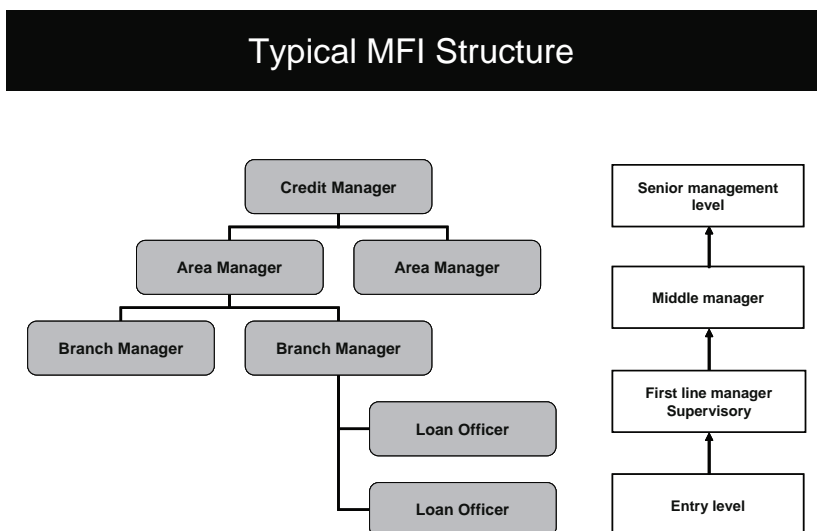
Table 2

TEAMWORK	
1.	Treats co-workers with courtesy and respect.
2.	Interacts well with co-workers of various personality types.
3.	Demonstrates trust in co-workers.
4.	Supports decisions made by the team.
5.	Puts team goals before individual goals.
6.	Helps co-workers learn important skills and knowledge.

However, those that exercise leadership positions need to demonstrate teamwork on two and possibly three other fronts: as team leader in relation to their team members, as a member of the team led by his or her own supervisor, and as a member of the larger team that includes the entire organization.

This is better understood by looking at a typical MFI organigram, or organizational chart. As illustrated below, a typical MFI would have three to four clear institutional levels. At the base would be the entry level where loan officers would typically be situated. Directly above them will be the first level managers or supervisors, usually branch managers. The third institutional level, middle management, may or may not exist depending on the size of the organization. This could include area/regional managers and/or department managers. The top institutional level would be senior or top management: those responsible for groups of departments, or sections, and directly supporting the CEO in strategic management.

Figure 7



Using our competency teamwork, the following differentiation can be made to reflect the different circles of impact as illustrated in Figure 7 above.

Table 3

SAMPLE COMPETENCY DESCRIPTION: TEAMWORK	
Loan Officer	<ul style="list-style-type: none"> Actively participates in team activities. Supports and encourages other team members. Considers others' perspectives and positions, and adjusts one's own views in order to reach consensus and agreement within the team.
Branch Manager	<ul style="list-style-type: none"> Builds strong relationships within the team, and across other teams in the institution. Understands unique abilities of team members and is able to leverage team member strengths. Enlists the abilities, ideas and points of view of other team members where appropriate.
Area Manager	<ul style="list-style-type: none"> Establishes clear roles and objectives among different units to ensure each member understands his/her part in the total organization and is working for a common goal.
Credit Manager	<ul style="list-style-type: none"> Builds a culture of teamwork and synergy towards creating a distinct advantage for the organization.

Technical competencies can be similarly mapped out. Using the technical competency portfolio and risk management as an example, the following table describes the behaviors that should be manifested at all institutional levels of a typical credit department.

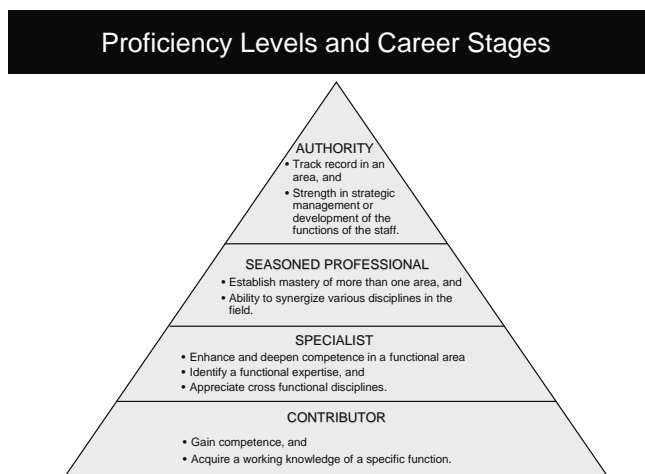
Table 4

SAMPLE COMPETENCY DESCRIPTION: PORTFOLIO AND RISK MANAGEMENT			
LOAN OFFICER	BRANCH MANAGER	AREA MANAGER	CREDIT MANAGER
<ul style="list-style-type: none"> Conducts routine verification on procedures on inspection. Evaluates credit worthiness of potential client through review of relevant documents. 	<ul style="list-style-type: none"> Analyzes loan portfolio along various dimensions of sector, size, terms, etc., Spots trends and warning signals that may indicate potential portfolio problems. Provides feedback to organization on probable scenarios. Identifies appropriate measures to address specific portfolio quality issues. 	<ul style="list-style-type: none"> Assesses overall portfolio risk level of branches and/or institution. Identifies themes or cross-cutting risk and/or portfolio quality issues. Devises and implements recovery strategies to address portfolio quality problems. Identifies internal and external risks that may affect institution's portfolio quality. 	<ul style="list-style-type: none"> Anticipates and identifies potential risk areas of the institution. Establishes policies and procedures and ensures organization-wide conformance. Updates him/herself with international best practices on portfolio and risk.

When staff members at each institutional level consistently exhibit these behaviors, it is expected that the institution will be able to keep and maintain good portfolio quality.

As shown in these examples, proficiency levels can be patterned after the structure of an organization. Generalizing from the credit department to the rest of the organization, Figure 8 below illustrates the career stages possible for different functional areas in an MFI. This model can be used to determine the proficiency levels required for each competency. It also illustrates a path of development, helping staff understand which behaviors are required at the next institutional level, so that they can prepare themselves appropriately.

Figure 8



The pyramid structure of Figure 8 captures the expected distribution of staff at different competency levels within an organization. Generally, more staff members will have lower or more basic manifestations of a specific competency, whereas as one moves up the pyramid fewer people will possess the breadth and depth necessary for specialization in that competency area.

In this framework there are four proficiency levels for each competency, which can be defined in general terms as follows:

Table 5

PROFICIENCY LEVEL	CAREER STAGE	DESCRIPTION
A	Learner / Contributor	<ul style="list-style-type: none"> • Has basic knowledge and understanding of the policies, systems and processes required in the competency area. • Implements and communicates the program/system associated with the competency.
B	Specialist	<ul style="list-style-type: none"> • Has greater responsibilities and performs more complex duties in the competency area, requiring analysis and possibly research. • Interacts and influences people beyond own team.
C	Seasoned Professional	<ul style="list-style-type: none"> • Recommends and pursues improvements and/or changes in the program/system. • Has a broader range of influence, possibly beyond the institution. • Provides coaching, mentoring to others on area of competency.
D	Authority / Expert	<ul style="list-style-type: none"> • Formulates policies in the competency area. • Sets directions and builds culture around this competency. • Provides leadership in this area, both within the organization and the larger microfinance industry.

The assignment of letters, with A as the lowest level and D as the highest level, is arbitrary and can be adjusted depending on what makes sense for your institution. Some models use numeric rather than alphabetic labels but do not assign “names” to the levels, referring to the proficiency levels only as level 1, level 2, etc. Other models use names in order to align the levels to an existing structural hierarchy, where level 1 is called entry level, level 2 supervisory or managerial level, and level 3 advanced level. Another model takes the competency definitions one step further and identifies behaviors which are not consistent with the competency.

Box 3

Customizing Proficiency Levels

In Shakti Foundation, the existing performance management system used alphabetical ratings, with A as highest and D as lowest. To capitalize on this existing rating culture, and to achieve consistency with current practice, Shakti Foundation decided to reverse the labels of the proficiency levels in the competency model, with A as the highest level and D as the lowest.

The concept of different proficiency levels is compatible with The Four Stages™ of Contribution Model¹¹ postulated by Harvard professors Gene Dalton and Paul Thompson. This model veers away from proficiency or differentiation based on hierarchy, structure or title to look at how individuals contribute to overall objectives. As shown below, each level or “stage” requires a different set of skills and a different type of interaction:

Table 6

FOUR STAGES™ OF CONTRIBUTION MODEL			
STAGE	CENTRAL TASK	PRIMARY ROLE	
Stage I	<ul style="list-style-type: none"> Contributing Dependently 	<ul style="list-style-type: none"> Performing sub-tasks under supervision 	<ul style="list-style-type: none"> Helper
Stage II	<ul style="list-style-type: none"> Contributing Independently 	<ul style="list-style-type: none"> Establishing distinctive competence 	<ul style="list-style-type: none"> Individual contributor
Stage III	<ul style="list-style-type: none"> Contributing Through Others 	<ul style="list-style-type: none"> Guiding, developing, interfacing 	<ul style="list-style-type: none"> Master; champion. integrator
Stage IV	<ul style="list-style-type: none"> Contributing Strategically 	<ul style="list-style-type: none"> Shaping organizational direction 	<ul style="list-style-type: none"> Director; sponsor, strategist

Source: adapted from *Novations: Strategies for Career Management*, by Gene Dalton and Paul Thompson

The various models that describe different proficiency levels, or different staff contributions, emphasize that in any organization, employees are expected to contribute differently. No single individual is expected to deliver results independently of others; it is the synergistic, complementary, collective and cumulative effect of individual efforts and behaviors that leads to organizational results.

Box 4

Competency Definitions in Al Amana (WWB Network Member, Rabat, Morocco)

Al Amana had identified marketing as an emerging critical business process for its rapidly growing organization. Under the marketing functional area, three competencies were identified:

1. Marketing strategy,
2. Promotion, and
3. Customer service.

The customer service competency was defined as: “the ability to develop an ongoing relationship between clients and the organization with the objective of reaching a high level of customer loyalty and satisfaction.” To ensure that there is common understanding of how this “ability” can be identified in the workplace, specific behavioral manifestations of this competency were articulated and classified into the following four levels:

PROFICIENCY LEVEL	EXPECTED BEHAVIOR
A	<ul style="list-style-type: none"> • Understands basic information about the organization and its programs to address the needs of clients. • Listens and acts promptly and positively on complaints and concerns of clients. • Responds to difficult clients in a calm and non-confrontational manner.
B	<ul style="list-style-type: none"> • Identifies opportunities to address/exceed expectations of clients. • Analyzes and evaluates client concerns/problems and recommends solutions. • Able to rise above personal, political and other biases and focus on the rational and objective resolution of a problem to address client needs.
C	<ul style="list-style-type: none"> • Fosters an environment and initiates programs that ensure customer satisfaction is valued and delivered. • Coaches and mentors others on how to effectively respond to client needs. • Develops and implements customer satisfaction measurements and performance quality reviews.
D	<ul style="list-style-type: none"> • Creates mechanism for securing client feedback and ensures immediate response to these concerns • Formulates customer service policies and procedures aligned with the organization's objectives. • Develops customer loyalty program for the organization.

Source: Al Amana Competency Directory

For each of the institutions WWB worked with, a competency directory was compiled that included the definitions of all the competencies and the behavioral manifestations for the different proficiency levels. An exhaustive list and definitions of all the technical, organizational and personal competencies identified through WWB’s work with its four network members are compiled in the Directory (Appendix 1) of this report.

COMPETENCY OR JOB PROFILING

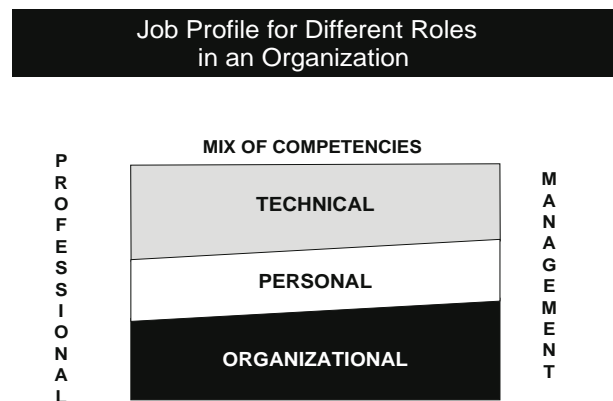
The final stage in competency modeling is the development of job profiles. Also known as competency profiling, this is the process used to capture the mix of competencies required for each job.

A job profile outlines the basic requirements of a position in terms of necessary technical, organizational and personal competencies and assigns proficiency levels for each competency. A job profile does not replace an employee's job description, rather it strengthens it. Job descriptions typically list the role, functions and responsibilities of a job, including reporting structures. Job profiles describe the skills and behaviors required to discharge these functions and responsibilities, and are useful in defining the scope of a job and outlining what is regularly expected from an employee.

Beyond tasks and activities, job descriptions typically include a list of qualifications for the job. A job profile can add significant value to traditional job descriptions because the job profile contains not just the "whats" of the job—the activities, the tasks and the deliverables—but also the "hows." For example, a typical MFI job description would not usually include "customer service" as a task or an activity unless it was a job description for a Customer Service Representative, or somebody else that worked directly in that department. However, for an MFI that is focused on customer service, all job profiles would include the competency customer service with specific behavioral manifestations for different levels of staff within the institution. Because job profiles also outline the organizational and personal competencies required, an institution can communicate its requirements more clearly and attract the right candidates.

Job profiles contain a mix of competencies which vary as one moves up in her/his career ladder as illustrated in Figure 9 below. Entry-level staff are expected to possess specific technical skills necessary for processes, techniques and tools in a specific area. Top executives spend more time developing ideas, dealing with abstract relationships and solving problems creatively. These executive-level functions entail more organizational competencies and less technical competencies. The middle band of Figure 9 illustrates that regardless of rank or position, all staff have to work with people and maintain relationships. Personal competencies, therefore, must be demonstrated at all organizational levels in order to build a strong culture and value system for the institution.

Figure 9



PERSPECTIVES ON JOB PROFILING

It is important that jobs be defined according to the requirements for a given position regardless of the competencies of the incumbent in the position. However, there are two possible perspectives in defining a job profile. One perspective sees the job as it is currently designed. In most high growth organizations however, jobs or positions are also constantly in a state of flux, with structures evolving and new job requirements constantly being recognized which may not have been explicitly communicated to staff. It is important for development purposes to have a clear point of reference, whether it is the current requirements of the job or the future requirements of the job, and to apply this consistently to all job profiles. More importantly, communicating this perspective to the staff, and getting clear agreement and alignment across the entire organization of the approach taken is critical to getting staff buy in into the process, the results and the follow-up steps that will be undertaken.

Box 5

Example of Job Profiling for FWWB, Ahmedabad, India

The MFI team decided to use the Job profiles in "building the institutional dream." The job profiles were developed reflecting the way the management team projected the positions would look in the future to ensure that FWWB would be able to secure its leadership in the four areas: credit management, institution building, microfinance wholesaling and sector development.

During the assessment process, the staff who currently held positions expressed apprehensions about the appropriateness of assessing them against competencies that were not previously identified and communicated to them. This created some concern and skepticism from the staff on the expected gaps between the "new" required competencies and their actual competencies. Despite the organization's communication to the staff about the focus on future needs and the emphasis that the assessment was a developmental process, there was still some level of dissatisfaction and cynicism about the process.

To the CEO and the management team, the results of the process became a rude awakening. "I had sleepless nights," confessed Ms. Vijayalakshmi Das, Managing Director of FWWB, India, when confronted with significant gaps in critical areas between the "as is" and the desired "to be" states of FWWB positions. The competitive landscape for FWWB India was changing significantly and Ms. Das had expressed the need to "take stock of our capacity so we can survive in the market."

Given the results of the initial assessment, the management team decided to review the strategies and directions of the organization with the objective of sharpening their focus on areas in which they would build leadership in the future.

Appendix 3 shows parts of a job profile for a regional manager in FWWB, India. The development of job profiles for each of the critical jobs/positions within the institution will result in an increased clarity of understanding by the institution and individuals of what constitutes success or superior performance within FWWB. The job profiles will constitute FWWB's expectation of the behavior or performance patterns that is expected to produce results.

WEIGHTING OF COMPETENCIES

Another part of the job profiling process is the weighting of competencies. Weights reflect the degree to which a specific competency is important to a job and by extension to an employee holding the position. This allows for more important skills to be treated as more significant in gap analysis. Using a range of one to three, the following weights may be given to each of the competencies in a job profile:

- 1—Occasionally helpful, of modest value.
- 2—High importance, regularly used to advantage.
- 3—Critical requirement.

The weight of competency in the job profile is not equivalent to the depth of expertise or breadth of knowledge that is required for the job, which already will have been captured in the proficiency level. The weighting of competencies should be the extent to which a particular level of competency can spell either success or failure in a given job.

APPLYING COMPETENCY WEIGHTING

Customer service is a competency that is required of loan/credit officers. Using the proficiency levels as described above, the required level for a loan officer would be B, requiring him/her to go beyond the basic level—understanding the institution's products and services and being able to explain them clearly to the client (proficiency level A)—and be able to diagnose client concerns and issues, propose solutions, and identify opportunities to meet and or exceed the needs and expectations of the clients.

In most MFIs, the loan officer is the primary contact point between the MFI and the client. As such, an ordinary client will have many more interactions with the loan officer, than any other person in the MFI. Focus group discussions conducted by WWB with clients suggest a correlation between the level of client satisfaction and positive experience of clients from their interactions with the staff, particularly loan officers. Conversely, client satisfaction is significantly affected by negative interactions of clients with MFI staff. Thus in the job profile, while the proficiency level for a loan officer is B (not D, which is the highest proficiency level of the competency), the weight of the customer focus competency would be 3, the highest weighting. This captures the concept that no matter how good the loan officer is in terms of technical competencies such as loan analysis, loan application processing and loan disbursement, without customer focus/service competency, the loan officer will not be successful on the job. Customer service is therefore a critical competency for the position of a loan/credit officer with a weight of 3.

The weighting of competencies is also critical for branch managers. The managerial competencies of planning and performance management may be weighted relatively higher in criticality than the technical competencies of group formation or credit delivery. This is because branch managers primarily achieve results through the organized deployment and skillful monitoring of staff and activities, rather than through the examination of individual skills in credit assessment. Therefore planning and performance management will be weighted 3, while credit assessment will be weighted 2.

The use of weighting also facilitates the deployment of job profiles for recruitment that enables competency-based job interviews. By isolating or identifying the critical competencies that an applicant needs to have for a job, the job interview process can be structured to assess the degree to which the applicant possesses the position's critical or core competencies. This will be discussed in greater detail in subsequent chapters.

VALIDATION AND CALIBRATION

The final stage of the competency modeling exercise is the validation of the model and the calibration of job profiles. The validation of the model is done through interviews with key people in the organization. On-the-job observations of incumbents are also useful in validating that behaviors captured in the competency model are typical of the job context.

Calibration of job profiles is the process of comparing the competencies across positions or within departments to ensure that the required proficiency levels reflect the different requirements of the job. To facilitate this process, a benchmark position is usually chosen; for non-managerial positions this could be the position of loan officer. Once the competency levels have been identified for the benchmark position, all other positions are calibrated relative to it. For supervisory and managerial positions, a similar approach can be employed using the credit manager position as the point of reference.

Outputs from the Process

At the end of the entire process, an institution will have a competency model. Additional key elements will be a competency directory and job profiles for specific positions in the institution. Together, these elements form the core or nucleus of a competency-based, integrated human resource system.

The competency model is the foundation for all subsequent steps. However, it is important to reiterate that the process began with deep understanding of the strategies of the institution. Consequently, competency modeling should not be construed as a "one-off" process, but rather as a dynamic one. An institution must constantly revisit its strategies and review its assumptions to ensure that its competency model remains in-step with shifts in the environment as well as internal organizational changes.

Chapter Three: Applying the Competency Model

Chapter Three: Applying the Competency Model

Introduction

The previous chapter covered the detailed process of developing competency models for specific microfinance institutions. Out of that process, competencies were defined and compiled into a directory and job profiles were developed for key positions in the institution. These are the two main elements of the competency model for any organization.

Chapter Three will focus on how the model was applied and used in each of the MFIs that WWB worked with. We have divided this chapter into two sections: the first section describes the process of conducting staff assessments and the second section illustrates how the results of the assessments were analyzed. The purpose of this chapter is to illustrate the process in detail, and show the value of the information that can be generated through the use of competency models.

Section I—Staff Assessment

Competency modeling provides a systematic approach for measuring individual competencies, allowing an institution to draw a picture of its overall human capital. Staff assessments form the basis for improving hiring and deployment practices, designing individual and institutional training and development plans, and even assessing the institution's readiness and capability to pursue strategic directions.

For most of the institutions WWB worked with, the assessment process was introduced through a pilot group. A pilot assessment is an essential means of testing and validating the competency model before it is rolled out to a larger population of an organization, or the entire organization. The pilot group usually assessed the management positions in the organization, for the following reasons:

1. Management had been closely involved preceding stages of the process,
2. Managers have the ability to cascade new processes down to the rest of the organization by example and by training other staff members, and
3. Managers are an organization's key change "owners," whose buy-in to the competency framework is critical to the success of both the pilot and the larger rollout of the process.

In designing the assessment process, there are three things to keep in mind: perspectives for assessment, philosophies on assessment and institutional culture.

1. PERSPECTIVES FOR ASSESSMENT

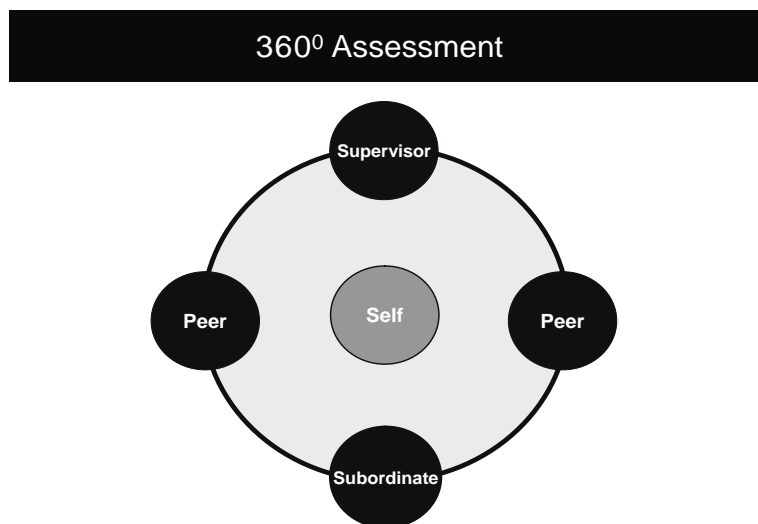
In an integrated competency-based HR program, the results of staff assessment are the starting point for most initiatives, such as a staff training program or a performance appraisal system. To bring about accurate assessment results, it is important that the organization approach the process of assessment with the following perspectives:

- The assessment is not a performance appraisal. Performance appraisals evaluate past performance, directly linking it to pay increases and other rewards, promotions or sanctions. Competency assessment is forward-looking and focuses on developmental areas that will enable staff to perform successfully in a given job. Bringing the performance appraisal atmosphere of reward and/or sanction into the assessment process may inhibit employees' openness and objectivity.
- The assessment is intended to draw out strengths as well as shortfalls of staff members. Assessments should identify development opportunities as well as shortfalls. With more balanced information, an institution can better leverage the strengths of its staff while working to address gaps.
- The assessment process is intended primarily for developmental purposes: assessments will form the baseline from which coaching, training and other developmental plans will be designed. Needless to say, before an MFI undertakes this process, there must be an unwavering commitment from the highest levels of the institution to allocate the resources necessary to move staff from current to desired competency levels.

2. PHILOSOPHIES ON ASSESSMENT

There are two philosophies on assessment. The self-assessment philosophy assumes that employees can be trusted to be honest and accurate, and that self-assessment coupled with management review and override will accurately capture employee strengths and shortfalls. This philosophy is consistent with an employee-centric philosophy which gives employees primary responsibility for their own development and growth. When the self-assessment process is used, there is an implicit assumption that the individual and his/her manager/supervisor are most qualified to assess the individual's competencies, and more importantly, that they can be trusted to exercise personal responsibility in the process.

Figure 10



Proponents of the 360 degree¹² feedback process, illustrated in Figure 10, counter that while self-assessment can be useful, the assessments of multiple raters will provide a fuller picture of an employee’s competency levels. This approach is preferred when the primary purpose of assessment is to support decisions for organizational initiatives on deployment, training and development.

In all of the institutions that WWB worked with, the assessment process included as many raters as possible. In addition to self assessment, immediate supervisors assessed the incumbents, and in most instances other managers and/or peers weighed in as well. However, time constraints prevented a full 360 degree rating. In particular, sample feedback from an employee’s subordinates was not solicited, although for organizational and personal competencies especially, feedback from one level down is an important input to the assessment process because these competencies directly impact effectiveness.

3. INSTITUTIONAL CULTURE

Feedback is an important element of assessment. Assessment itself is a form of feedback. The institutional culture regarding feedback is one of the factors that must be taken into account as an organization conducts staff assessments. In an institution where feedback only happens at the end of the year (during year-end appraisals), the assessment process can be a very threatening and/or destabilizing experience. Employees who are not accustomed to giving feedback will do so hesitatingly and awkwardly, and the result may be more destructive than constructive. Employees may use the feedback process against co-workers by focusing too much on the negative and omitting the positive. Additionally, when employees are not used to receiving feedback, they may view the assessment process with defensiveness, or disregard or minimize feedback. For institutions lacking a feedback-enabled culture, it is important to work closely with an experienced facilitator to build both the staff skills and the atmosphere conducive to the feedback process. The competency assessment process can be used to highlight the importance of feedback;

and through facilitation and the use of “critical incidents” as described below, MFI staff can be initiated to the feedback process and be trained to effectively give constructive feedback.

For institutions that do have a feedback-enabled culture, assessment will be an easier process, and the existing culture will be reinforced by the tools and approaches of competency assessment.

ASSESSMENT METHODOLOGY

The actual assessment process starts out with the presentation of a competency model to the entire group of employees: both ratees (those who will be assessed) and raters (those who will perform the assessment). This is an important phase of the methodology as it helps to build a shared ownership of the model, which is critical if the process is to be meaningful.

At this point, the MFI’s competency modeling team would have met with WWB experts only at the beginning of the process. Subsequent stages as outlined in the previous chapter would have involved one-on-one interviews as well as discussions with different subsets of the entire employee group.

A second meeting of the entire group is a milestone where all participants will be able to see pieces that they contributed as part of a comprehensive model. This second meeting serves to put employees on the same page before the next phase of the process.

Another important objective of the second full-group meeting is to validate the competency model the organization has developed and adjust definitions as necessary. (This is similar to testing a questionnaire/survey tool in market research.) In this meeting, the understanding of the definitions by the group will be tested and normalized, and competency levels may be re-calibrated if required.

Finally, the second full-group meeting is used to reinforce the desired perspective for assessment. The developmental nature of the assessment should be stressed, and participants should be rallied to focus on the future rather than the past. As raters, they should be enjoined to view the rating process as an opportunity to encourage their colleagues’ strengths and effective behaviors while contributing to future improvements. The importance of each participant’s role in creating a safe space for assessment and feedback should be underscored here. Both givers and receivers of feedback should be assured of the confidentiality of the ensuing discussions in the assessment process described below.

It is also in this meeting that the rating system and the use of critical incidents—two essential elements of the assessment process—are introduced and discussed.

The Rating System

This assessment process employs an alpha-numerical rating system. The first step in the process is to determine the employee’s proficiency level for a given competency, using

the A to D labels described in the previous chapter. It is important that each rater has a complete competency directory and job profile to refer to when conducting a rating assessment.

Within each proficiency level, a numerical rating of 1, 2 or 3 is used to capture the frequency or consistency with which a competency is demonstrated, for example:

1—Demonstrates competency some of the time or demonstrates some of the behaviors in the competency list. Areas for development exist and employee needs regular help or reference

2—Demonstrates competency most of the time; or demonstrates most of the behaviors in the competency list. Area has been developed and employee may need occasional help

3—Demonstrates competency all of the time; or demonstrates all of the behaviors in the competency list. Complete mastery of competencies. Employee is considered an expert by others.

Each rating would be supported by examples of critical incidents. The resulting ratings consist of an alphabetic component (specifying proficiency level) alongside a numeric component specifying frequency/consistency of demonstrated competency, for example A1, D3, B2. To allow for a quantitative analysis of these results, these ratings have been translated into numerical values using the conversion table below. Competency ratings are assigned an increasing numerical value starting with 1 for the lowest rating. In the case of most institutions where A is the lowest proficiency level, A1 is translated into 1 and A2 into 2, and so forth. The full conversion table is shown below:

Table 7

CONVERSION TABLE FOR COMPETENCY RATINGS			
LEVEL/RATING	1	2	3
A	1	2	3
B	4	5	6
C	7	8	9
D	10	11	12

A numerical rating of 1, 2 or 3 will be applied once the appropriate proficiency level (A-D) has been identified. If the staff person being assessed does not demonstrate any of the behaviors in the proficiency level, then she should be assessed against a lower proficiency level. In the extreme case that an employee does not exhibit any of the behaviors at the lowest proficiency level, theoretically, this person would have to be rated as zero. However, this situation did not occur in any of the assessments done with WWB’s network institutions.

The Use of “Critical Incidents”

As discussed above, competencies are defined in terms of behaviors that are demonstrable and observable, and thus also verifiable and measurable. Measurements (ratings) are

supported by critical incidents: examples of important events that occurred on the job, and how a particular employee behaved under those conditions. To ensure that assessments reflect the competency levels of employees within a particular time range, it is important to structure the discussion to critical incidents that occurred within the past six months or year.

It is important to use critical incidents to ensure that assessments are data-based and capture the demonstrated abilities of staff and not merely the perceptions or impressions of those who are doing the assessments.

Critical incidents are invaluable both to the individual employee and the MFI. For the employee, examples of behavior consistent with specific competencies will enable him/her to continue effective behavior. The process will also highlight ineffective behavior which should be discontinued. For the MFI, critical incidents capture what actually happens on the job and therefore depict more fully the context of a particular job. The resulting information is invaluable in defining and re-defining job profiles.

THE ASSESSMENT PROCESS

The assessment process is divided into three distinct steps in order to gradually build the capability of the employees and the institution to apply the competency model.

Step I: Peer/Group Assessment

The first step is a facilitated group assessment. When determining who will assess or give feedback on a particular staff person, it is important to solicit input from the individual being assessed. Feedback should come from the staff members with whom he/she most often interacts. However, this group should not be limited to the ratee's "peers," but should include, whenever possible, people the ratee does not directly report to or have authority over, including people from other departments who may be his/her internal "customers" or internal "suppliers."

Particularly in an institutional culture where feedback is not freely and regularly given, involving a staff member in identifying his/her raters will increase the likelihood of the feedback being accepted and not discounted or minimized by the individual.

Because the MFIs that WWB worked with were undertaking this process for the first time, the group assessment was facilitated by WWB staff. There were two reasons for this. The first was to assist in creating a data-based assessment process. Although assessment itself is typically a process that almost all staff members will be familiar with and have participated in, it is less common that participants will be prepared to base their assessments strictly on measurable data supported by critical incidents. Facilitation by the WWB team provides a structure through which data-based assessment can be consistently applied by all participants in the pilot. Secondly, because the organizations were initially in a pilot phase of the competency modeling process, WWB's expertise helped train managers who were expected to replicate the process throughout their organizations in the rollout period beyond the pilot phase.

The groups that WWB worked with consistently displayed steep learning curves during the process. Depending on the size of the group, the first assessment typically took from 90 to 120 minutes to complete. By the time of the groups' fifth assessment, these times had been cut in half. It is important that the facilitator for the process differentiate time saving because of improved skill in using the tool and applying the process from time saving because of decreasing thoroughness due to fatigue. In the latter case, the facilitator should push the participants to focus and conduct thorough assessments; the final assessments of the process should be as thorough as the initial assessments.

Individual rating or group/composite rating

The output of the facilitated group assessment process may be several individual assessments or a single composite group assessment. WWB has tried two different approaches. With Al Amana in Morocco, each participant was asked to give his/her rating independently of others' individual ratings. These individual ratings were then averaged with all other ratings received—including the supervisor's rating and the self-rating, which are described below—to obtain an employee's final rating. At Shakti Foundation in Bangladesh, the group actually preferred to give one group or composite rating for each employee assessed, a rating mutually agreed upon after discussion. In the latter process, facilitation is critical to ensure that the "loudest" member of the group does not dominate the discussion and unduly influence the final peer or group rating for an employee.

Step 2: Supervisor/Manager Assessment

Supervisor/manager assessment is a guided process that helps ensure the consistency of the assessment standards across all ratees. If a rating is significantly higher or lower than what is required in a job profile, the supervisor is encouraged to include critical incidents to support his/her rating of the employee.

Step 3: Self-Assessment

Self-assessment is the last step in the three-step assessment, for logistical reasons: as an individual activity, self-assessment requires less time and coordination among team members. Although the first two assessment processes are usually facilitated by WWB staff members, self-assessment is a purely individual process. The individual employee's ability to apply the model will have significantly increased through his/her involvement in the previous two steps. This will enhance the consistency with which he/she will apply both the model and the rating system in an unfacilitated process.

AVERAGING THE RATINGS

Once the data has been collected through the three-step process outlined above, it should be aggregated to obtain an average rating for each competency for each employee. This entails a simple process of averaging the numbers and expressing the result in alpha-numeric form (see Table 7, above).

Most methodologies would apply the same weight to each data point. For example, if there were seven people who assessed the employee—the supervisor, the employee, three peers and two subordinates—the final rating would be the average of the seven ratings. Another approach is to average data points from four distinct categories: the supervisor rating, the self rating, the peer rating and the subordinate rating. If there is more than one rater in any of these categories—peer ratings, for example—the ratings are averaged first within the category. This “sub average” is then used in calculating the four-category average. The results of these two approaches may or may not differ substantially. However, since the approaches ascribe different weights to each rating/assessment, it is important to consider sensitivities that may arise from the use of either method, particularly in light of institutional philosophies on assessment.

Box 6

The Case Against Averages

Shakti Foundation of Bangladesh designed its assessment process to include self-assessment and assessments from peers and the employee's immediate supervisor. The management team pilot group included Shakti's CEO. When the results were analyzed, significant disparities were noted among the ratings from the three groups, particularly between the self-rating and the CEO rating, for most of the staff. Because of the wide range of results, the averaging process would mask the individual ratings and come up with an average figure of reduced significance. To avoid this, it was decided that a second assessment process would be conducted to reconcile significant perception gaps among the groups.

The team might have perceived the second round of assessments as an unnecessary extension of the project's overall timeframe, or written off the first round as a waste of time. However, Dr. Humaira Islam, Executive Director of the Foundation, encouraged her management team to look at these perception gaps as “healthy” and pressed her team to look at the second assessment process as a concrete step towards communicating and understanding differences in expectations. It was particularly important for Shakti Foundation to build a shared understanding that the responsibilities of a manager include being a contributor to the management team, requiring a more holistic and integrated perspective than needed by a manager looking only at his/her specific department. A second assessment process is thus an opportunity for the management team to further build its capabilities in using the competency model.

Please see Appendix 2 for a sample of a completed assessment form for a management position at Al Amana, Morocco.

Section 2—Analyzing the Results of Staff Assessment

INSTITUTIONAL ANALYSIS

Results are analyzed at the institutional and the individual level. At the institutional level, the most basic analysis would be to aggregate the ratings to provide a measure of the inventory or distribution of competencies present in the institution. This institutional-level analysis will help answer key human resource questions relating to organizational strategy, for example:

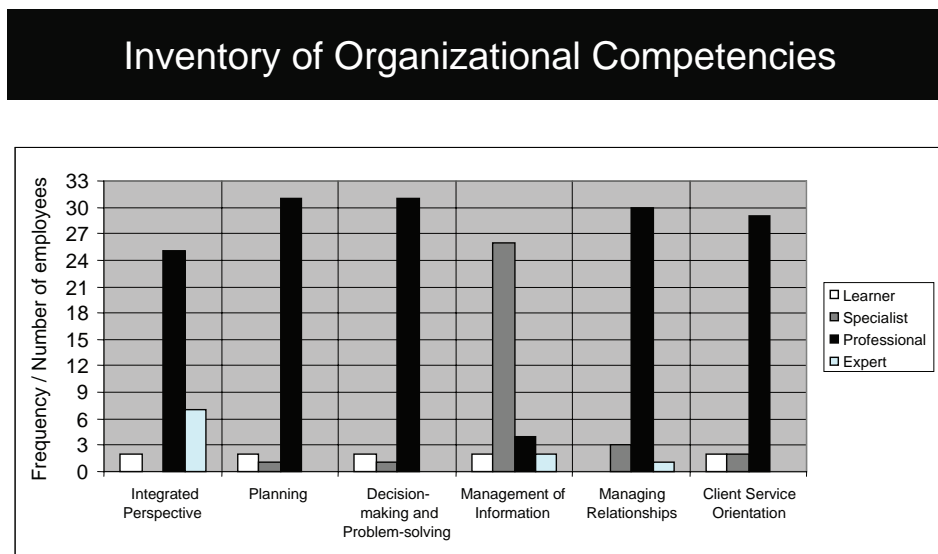
- Among the competencies needed for the institution to have a sustainable advantage in the markets where it has decided to compete:
 - Which competencies does the institution currently have, and at what levels?
 - Which competencies need to be built and developed? What type of training is most necessary?
 - Where is the institution at risk (under-skilled)? Is there a need for the institution to review its strategy?
 - What competencies should the institution look for when hiring? What competencies should it be outsourcing?

Inventory of Competencies

This first level analysis consists of tallying staff ratings for each competency. Conducting inventory will provide a picture of what competencies an organization has “in stock,” facilitating evaluation of the relative value of its human resources.

It is important to note that the inventory process will only provide competency levels for those competencies that an institution has identified as critical to delivery of its strategy. Other competencies, which employees may have but are not identified as critical, are of course not captured in this inventory.

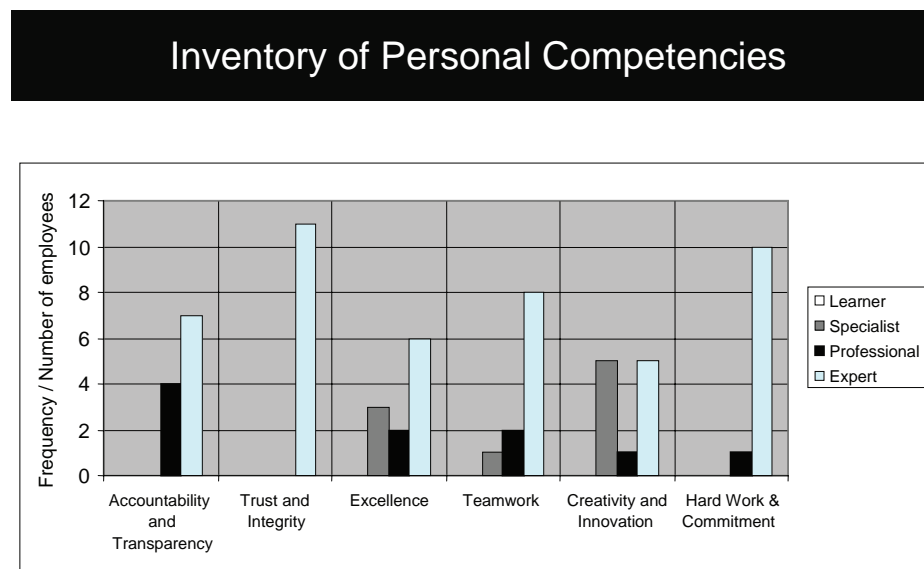
Figure 11



The graph shown in Figure 11 is a result of the assessment of 34 managers in the area of management and leadership competencies. The predominance of black in the graph indicates that for the most part, the managers of the organization do possess the competencies of integrated perspective, planning, client service orientation, etc. There is a noticeable drop of competencies in the area of management of information. Here, many of the managers are rated at only the second proficiency level. For an institution, this may not be significant if the competency was defined in relation to the design of information systems (as in the case of one MFI that WWB worked with). However, if the competency pertains to the ability to source, apply, and leverage critical external and internal information in order to improve efficiency and effectiveness, this area may present a significant developmental opportunity for the institution as a whole.

A similar message may be gleaned from Figure 12, depicting personal competencies. In this graph there is a preponderance of staff in the “expert” proficiency level. This suggests that the managers of this institution are indeed acknowledged to be models and experts in the demonstration of the institution’s core values. This is particularly evident in the category of trust and integrity where every manager was rated at the highest possible proficiency level.

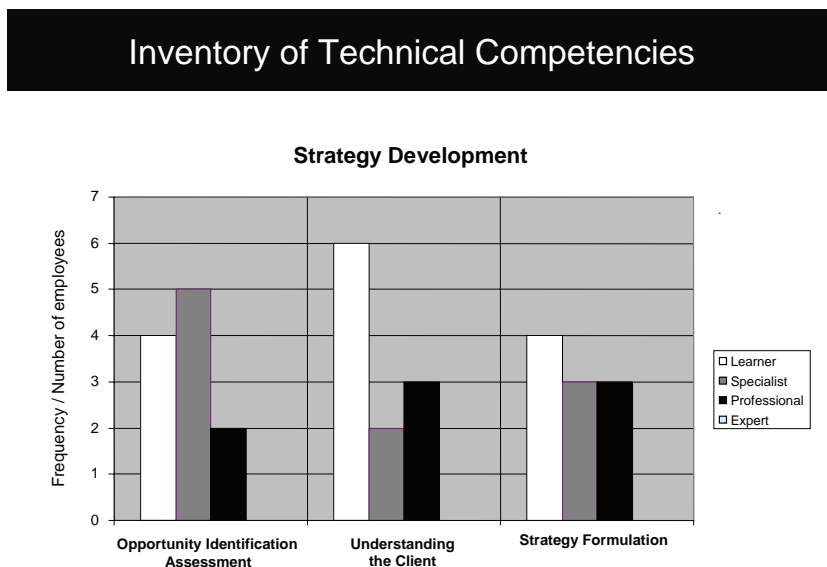
Figure 12



It is helpful to note that the distribution of the results does not strictly follow the pyramid pattern of the proficiency levels, in which numbers are greatest at the lowest proficiency level and decreasing at the higher levels. This is because these results are from a pilot group consisting of only the top managers of the institution. If a similar graph were plotted for the entire institution, it would resemble a pyramid more closely.

Looking now at technical competencies, the results depicted in Figure 13 would trigger a red flag for an institution. This graph shows that competencies in strategy development are predominantly at the emerging stage and not yet fully developed across the group that was assessed.

Figure 13



Again, these are results from a pilot group consisting of an institution’s management team for the institution, and thus indicate the need to ramp up capacity building of the entire institution in the area of strategy. The strategy development competency could be critical as MFI markets become more competitive.

It is important that an organization develop any competency that will be a source of differentiation and competitive advantage. If there is a support competency requiring development, the cost and benefits of building this capability internally versus outsourcing it should be evaluated carefully. The principle here is that MFIs should retain and develop critical competencies that will be a source of differentiation in the future.

The following questions are helpful in deciding whether to conduct employee development in-house or outsource it:

- What will it cost to build internally versus having someone else to do it?
- If it is cheaper to build in-house, will the process drain resources better used elsewhere?
- Is the required competency so specialized that it is impractical to have regular employees do it?
- Is the competency central to generating profits or competitive success?¹³

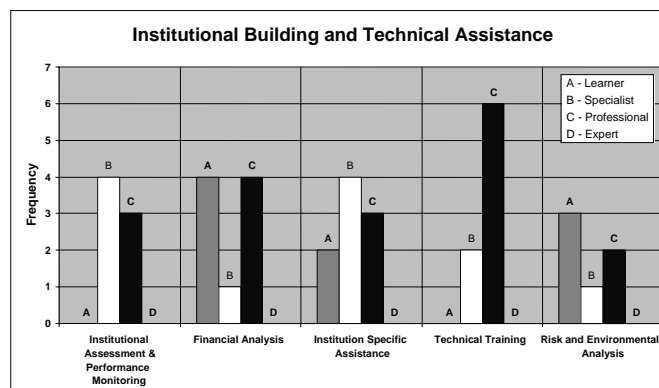
These questions are particularly relevant when the need arises to have competencies in areas not traditionally considered to be MFIs’ core areas of expertise, such as market research or information technology. As MFIs race to introduce new financial products, such as leasing, insurance, and remittances, building/developing internal capability—either in-house or by outsourcing—becomes essential.

Box 7

Developing a Competency that is a Source of Competitive Advantage The Case of Friends of Women's World Banking India

FWWB India is a high-performing institution providing credit and technical assistance to its partners. Market research conducted by WWB for FWWB India revealed that several successful MFI retailers in India give significant attribution to FWWB India for supporting them not only in their financing needs, but more importantly, in their institutional capacity-building. For this reason, WWB suggested that institutional capacity building was a significant differentiator and comparative market advantage for FWWB. The competency work undertaken with FWWB India resulted in the following inventory for the competency institution building or technical assistance:

Inventory of Technical Competencies



The graph above shows a clustering of competency levels at the basic and intermediary levels (A and B) and a significant absence or shortage of competencies at the expert (D) level. FWWB had earlier decided to define competencies in terms of what is needed to be successful in the future. This included the ability to provide technical assistance beyond the basic operational areas of credit management and MIS as partner institutions grew and their operations became more complex. The organization factored in looming competition from banks and other institutions with large resources as well as the changing needs of FWWB's partner clients as they moved through institutional stages of development. In order to make institutional capacity building or technical assistance one of the anchors of its future success, FWWB India would need to invest in the development of this competency.

Capacity building was being delivered by two units of the organization. The training department focused on capacity building for self-help groups (SHGs). Program officers in the credit department managed the credit process while also providing technical assistance to partner-clients. It was determined that support to the non-SHGs was going to be critical for FWWB. The program officers' dual role of credit and risk management and institutional capacity building prevented them from focusing on strengthening their capacity building skills and acquiring new skills needed to deliver the broader range of technical services requested by their partners.

To develop higher levels of competency in institutional capacity building, FWWB made the strategic decision to spin off its technical assistance group from the credit department and assign separate program officers in both departments. This will allow for the specialization necessary to the development of broader and deeper skills in institutional capacity building.

GAP ANALYSIS

Gap analysis—comparing the actual competency level of an individual with what is required for a position—is a second method of evaluating assessment results.

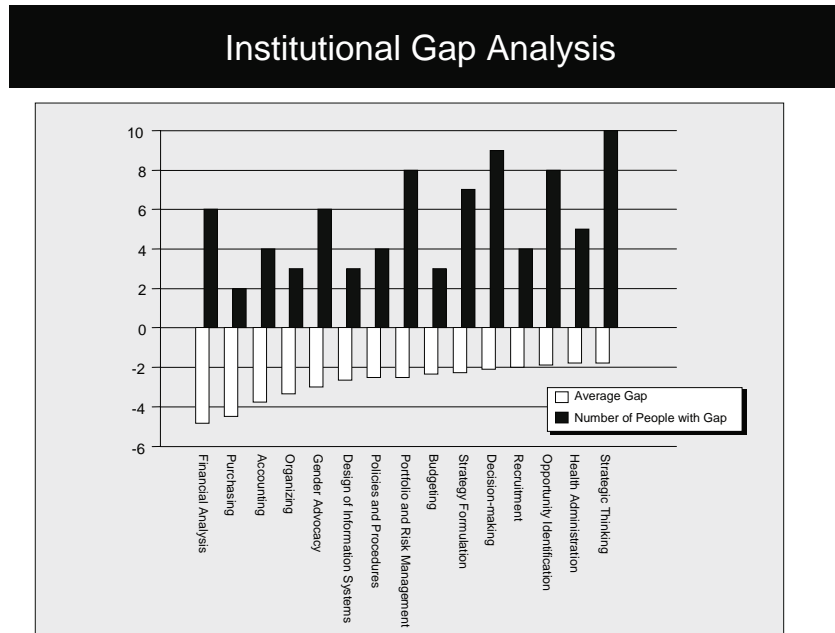
As described earlier, actual assessment results are expressed as alpha-numeric characters such as A1, B3, etc. Job profiles, on the other hand, only indicate the alphabetic rating for what is required. For quantitative analysis, the job requirement is assumed to be the mid-level or 2. So an A proficiency requirement is translated automatically into an A2, B is B2, etc. Using the numeric values from Table 7 above, the competency gap between the required and actual levels of competency can be computed. Furthermore, the numeric values allow not only the determination that a gap exists, but the computation of indicative magnitudes for this gap.

Table 8

INSTITUTIONAL GAP ANALYSIS		
COMPETENCY	AVERAGE GAP	NO OF PEOPLE
Financial analysis	-5	6
Purchasing	-5	2
Accounting	-4	4
Organizing	-3	3
Design of IS information	-3	3
Policies and procedures	-3	4
Portfolio & risk management	-3	8
Budgeting	-2	3
Strategy formulation	-2	7
Decision making	-2	9
Recruitment	-2	4
Opportunity identification	-2	8
Strategic thinking	-2	10

Table 8 above shows individual gap results, displaying the number of staff members whose proficiency level fell below the required level for their job profile. This analysis helps identify where an institution is at risk. In the table above, more than half of the employees assessed (6 out of 11) were found to have competency gaps in financial analysis. Moreover, the magnitude of the gap is significant. When translated into proficiency levels, the -5 gap is equivalent to two levels below what is required for the job. Clearly, this indicates that most of the staff members assessed are functioning sub-optimally in their specific jobs. Another area of concern in this graph is the last row, where 10 out of 11 employees assessed showed gaps in the area of strategic thinking. Again, this suggests several risk areas for the institution. A graphical representation of this table highlights these conclusions.

Figure 14

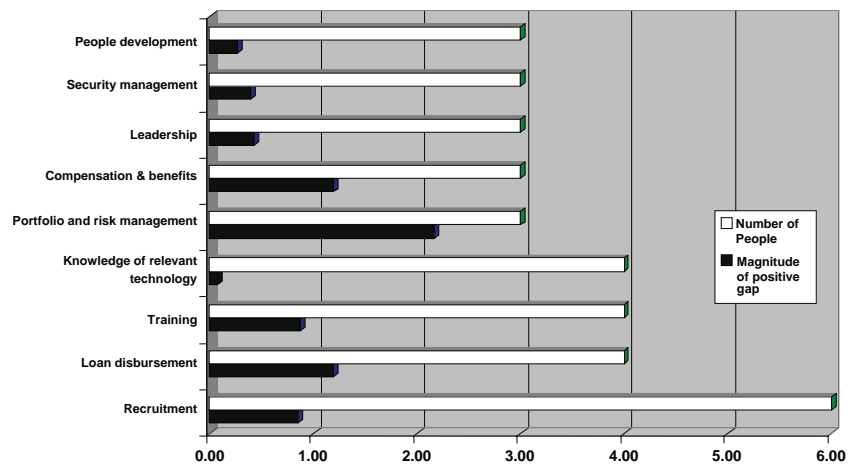


The above graph focuses on the gap or shortfall between required competency and actual competency. It is also useful to have an indication of which competencies staff are exceeding so that they can be better leveraged by the institution. The areas of financial analysis and strategic thinking come out clearly as risk areas in this graph.

Figure 15 is a graph from Al Amana, Morocco that plots competency against the number of employees who exceeded their required competency level. Too many people exceeding their competency levels suggests the need to review definitions or adjust job profiles.

Figure 15

Competencies Where Significant Number of Managers Exceeded the Required Competency Level



Once both definitions and job profiles have been validated, the institution should work creatively to harness these competencies. Having too many employees whose strengths are not deployed or used properly can also affect overall motivation and employee morale.

Validity Check

A final check should be done to compare institutional assessment results with empirical data on institutional performance. If indeed the competency model captures the capability of an institution, then the results of the assessment should be consistent with past or current institutional results.

For example, one MFI's assessment of branch personnel yielded consistently high competency levels for portfolio and risk management, even though the institution had been facing ongoing portfolio quality issues. Follow up interviews with staff revealed that several factors contributed to this aberration. The institution had a "soft culture" in which managers' unwillingness to commit to paper perceived staff member shortfalls led to the inflation of ratings. This tendency was pointed out by facilitators during the pilot process and was corrected at that time. However, as the assessment process was instituted at all levels within the organization, strong kinship and camaraderie among branch personnel resulted in "soft" ratings being challenged with less consistency than during the pilot. Consistent with the "360 degree" notion of obtaining feedback from those with whom an employee most closely works or associates, staff within the same branch had rated each other. However, these branch personnel not only worked together but lived and ate together in the staff house which was part of the office, resulting in unspoken peer pressure to be softer in ratings, and lack of clarity in behavioral indicators. This situation is a challenge facing large institutions in particular, which must cascade the assessment process down several organizational layers while applying competency definitions with consistency. The need to build the capacity of all levels of an institution to achieve consistency in the understanding and use of the competency model cannot be overemphasized.

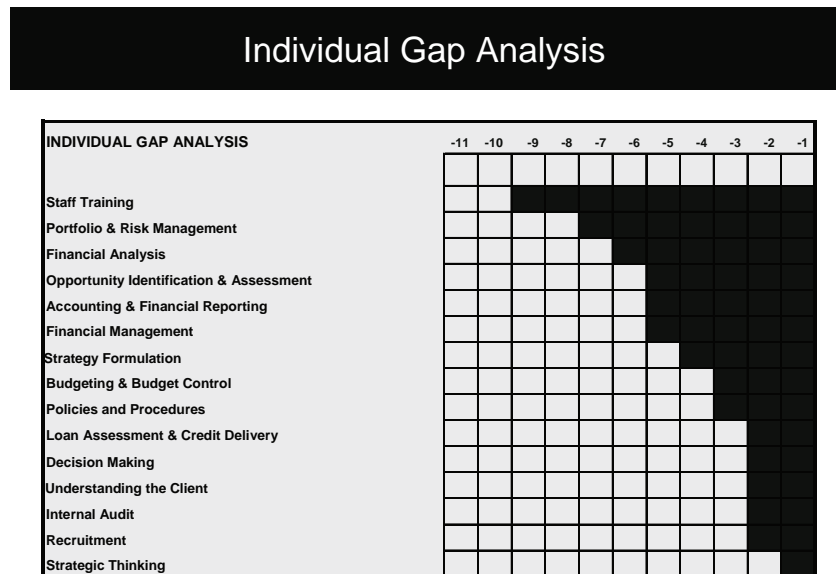
When confronted with the above anomaly, the MFI team decided to use the initial assessment as a starting point for further discussions leading to a more accurate final assessment in the next period.

INDIVIDUAL ANALYSIS

At the individual level, the results of the competency assessments provide an opportunity to differentiate the competency levels among an individual's key talents and to capture his/her unique strengths and developmental requirements. It is important that the right perspective is maintained in looking at these individual results: although not all competencies will be found in a single individual, the competencies of multiple employees can complement each other to collectively build a strong institution.

Individual gap analysis is the primary tool for analyzing individual competencies. For each individual a summary report highlighting assessment results can be generated. The chart below is an example of results for one individual, which can form the basis of a customized individual development plan.

Figure 16



This sample individual assessment of a branch manager shows significant gaps, mostly in the area of organizational competencies, and particularly in the leadership and management competencies. This profile is not an uncommon one in the microfinance industry. In most contexts internal promotion is a key philosophy, particularly from the loan officer level to the branch manager level. Very often, the loan officer who shows the best results becomes the primary candidate for promotion, sometimes without systematic evaluation of his/her managerial capability and/or leadership abilities.

Applying the competency model allows the organization to differentiate between technical competencies that can be learned on the job and more complex organizational competencies that make possible success as a manager. This particular example shows a need for the individual to undergo an intensive and comprehensive management development program to build his skills for the position.

Perception Gaps

In the multi-rater feedback process, only the average rating in the analysis is plotted. However, it is also important to look at the range of values or ratings from different raters. Ranges that are too wide indicate a perception gap that should be investigated to determine whether it is an isolated case which the individual should take note of, or an institution-wide trend which may be a cause for institutional concern.

Perception differences are due to several factors. One is that people relate to other people differently: one person's experience with an individual may be entirely different from somebody else's experience with the same individual. Secondly, standards or benchmarks differ among people, and while the competency definitions try to minimize these kinds of variances, no assessment can ever be totally objective and completely devoid of personal interpretation or bias.

For example, in one MFI there was significant¹⁴ deviation in ratings between the three rating groups—supervisor, self and peer. In many instances, the incumbents had rated themselves significantly higher than either their peers or their supervisor. Table 9 on the following page summarizes the differences between the three ratings. For each staff member, the first line indicates the average size of the gap. For example, if a staff member rated himself as D1 (numerical value = 10) and his peers rated him as B1 (numerical value = 4), the gap is calculated as -6. Table 9 shows the number of competencies for which there is a difference between the self rating and the peer rating.

As the table illustrates, for more than half of the staff members assessed there was a significant difference in the assessment of the individual and his/her peers. The last column shows an even more significant perception difference, between the individual and the supervisor/manager. This situation is being highlighted because these differences are seen as pervasive. In the first example in the table below, a difference exists in almost 90 percent of the competencies assessed, by both peers and supervisors.

These differences may have been brought about by any of the following:

- Incomplete information on what each individual had been doing,
- Different interpretations and/or understandings of competency descriptions, and
- Unmet expectations that may not have been properly communicated.

Table 9

SUMMARY OF PERCEPTION GAP				
STAFF CODE		SELF VS. PEER		SELF VS. SUPERVISOR
		HIGHER	LOWER	HIGHER
1	Average gap	-4.26	0.83	-4.71
	Number of competencies	39	6	41
2	Average gap	-4.38	2.89	-4.29
	Number of competencies	32	9	31
3	Average gap	-2.74	0.40	-3.73
	Number of competencies	34	10	33
4	Average gap	-2.39	0.17	-3.20
	Number of competencies	28	12	30
5	Average gap	-2.33	1.07	-3.36
	Number of competencies	18	27	11
6	Average gap	-2.00	1.16	-2.73
	Number of competencies	27	19	22
7	Average gap	-2.09	2.60	-2.16
	Number of competencies	11	30	19
8	Average gap	-1.65	0.52	-3.30
	Number of competencies	17	23	20
9	Average gap	-1.57	1.14	-1.17
	Number of competencies	7	35	12
10	Average gap	-1.57	1.77	-1.65
	Number of competencies	14	30	20
11	Average gap	-1.27	1.34	-1.35
	Number of competencies	15	29	17

The MFI, however, viewed these perception gaps as healthy because they revealed different perspectives. Clearly, the need for consistency had not been communicated effectively to the management team in the organization, resulting in significant perception gaps.

In view of these differences, it was agreed that there should be succeeding discussions on the assessment between the individual and his/her peers and finally between the individual and his/her supervisor. This review process and validation will provide an opportunity for all concerned to refine both the job requirement as well as the assessment.

WEIGHTED GAP

A weighted gap can be computed by multiplying the actual gap by the weight of each competency. If an employee has a gap of 2 in one competency, and this competency has a weight of 3, the weighted gap would be 6. If in another competency, the gap is also 2 but the weight of the competency is 1, then the weighted gap will be 2.

In prioritizing developmental initiatives, a gap of 6 will merit closer attention than a gap of 2. Weighted gap analysis thus allows more critical competencies to be given priority consideration in the assessment process.

QUALITATIVE ANALYSIS

The quantitative analyses described above are examples of how assessment data can be used to identify areas of focus. There are other ways of evaluating quantitative data. Beyond quantitative analysis, assessments can also provide insight into the context of specific jobs through critical incidents and other comments elicited during facilitated conversations.

The assessments were based on demonstrated competencies, not on untapped capability or perceived potential. However, in some of the institutions that WWB worked with, there was a desire on the part of the raters to comment on barriers or obstacles impeding the ratee from demonstrating assessed behaviors on a consistent basis. Those comments suggest an inconsistency between job requirements, as captured in the competency model, and the existing structures of the institution, including areas like scope of responsibility, decision rights, and authorities currently accorded to the position.

Qualitative analysis can bring out issues related to organizational structures and processes. The following are some of the cross-cutting themes that emerged within several MFIs undertaking this process:

1. Clarification of roles and responsibilities. Incumbents, particularly those who have been with the institution for some time and have moved from one level to another, were unclear about the “new” expectations of their jobs. While this pointed out to the need for clearer communication of changing expectations, it was also reflective of the challenges of a dynamic institution where roles and functions are constantly evolving.
2. Level of decentralization. In several of the institutions, the assessment team observed that for some jobs for which responsibilities may have been devolved, the decision making authorities had not been correspondingly devolved. This resulted in a degree of disempowerment that impeded the development of higher-level competencies.
3. Alignment of compensation and benefits to required competencies. Institutions that were in transition from purely socially-oriented organizations to more commercially-oriented financial institutions needed to make a shift in mindset, to understand that the newly required competencies may be more specialized and/or more in demand in the market. Compensation policies must be adjusted accordingly in order to attract the right kind of employees.

CONCLUSION

The preceding pages demonstrate how competency models can be used for the following purposes:

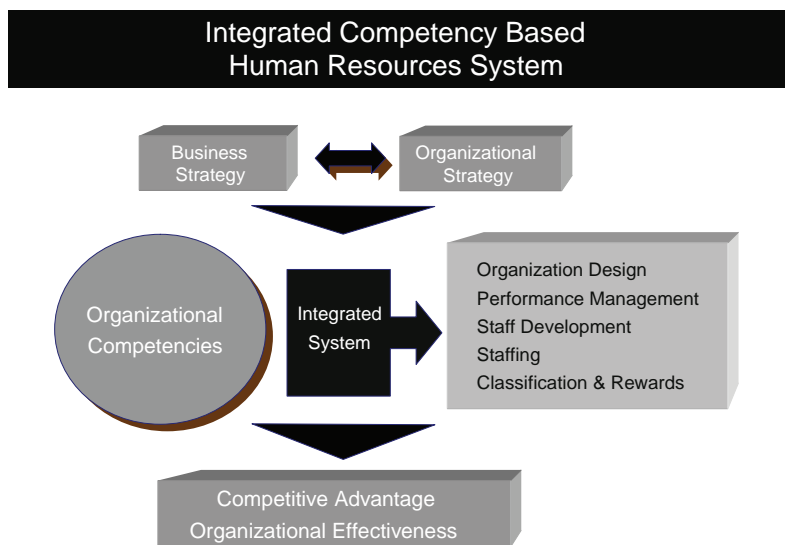
- To conduct a systematic and rigorous assessment of existing capability (competencies) in the institution,
- To undertake a “gap analysis” of the difference between the current capability of staff and current and/or future job requirements in relation to the organization’s strategic directions,
- To identify key institutional training and development needs across teams/ departments, jobs and/or functions, and
- To elicit valuable feedback in the institution through data-based assessment processes.

The next chapter will introduce other applications of competency models and illustrate how they can be used as building blocks in developing an integrated human resource development function.

Chapter Four: Moving it Forward— Developing an Integrated Competency-Based Human Resources Program

The competency framework serves as the foundation of an integrated human resource system, unifying such functions as recruitment and selection, performance management, training and career development, and workforce and succession planning. The place of an integrated competency-based HR program in an institution’s strategic and operational landscape can be illustrated as follows:

Figure 17



This chapter will describe how competency models have been used and can be used by institutions to inform and unify various human resource activities as illustrated in the above chart.

Recruitment and Competency-Based Interviewing

Many MFIs are growing at tremendous rates, almost doubling their staff every two or three years. With the need for hiring and recruitment to keep pace with the expansion of the organizations, hiring decisions are often pushed down to the field level. This raises several questions: how does an institution ensure that the right people are hired? How does it recruit people who are aligned to the vision/mission as well as the culture of the organization? Traditional recruitment interviews are based mostly on past experience as well as observable personality. This basis can be misleading for even the most experienced of interviewers seeking the right kind of employee.

Under the competency management approach, job profiles are constructed for each position using clearly defined competencies that become the criteria for selection. This approach increases the likelihood of finding the right person for the job—which will not only improve the short-term productivity of new staff but also enhance their long-term performance, thus reducing attrition. For job candidates, having a clear idea of the skills and behaviors required by an institution can help them during the interview process to better communicate their experiences relative to these criteria. When job specifications and requirements are clearly articulated in recruitment communications, advertisements and interviews, an institution improves its ability to attract the right candidates for a job, often substantially reducing hiring and recruitment costs.

Negros Women for Tomorrow in the **Philippines** rewrote job descriptions for key positions in operations—such as loan officer, the branch manager and the area manager—to reflect the competencies included in the job profile. Organizational competencies such as communication, stakeholder management, and people development were included in job descriptions and translated into either tasks or activities, or outputs or behaviors. The resulting job descriptions were longer than the previous ones, but described with greater clarity the institution's expectations of the job holder.

With competencies clearly defined through the job profiles and job descriptions, the HR department can focus its interviews and recruitment. Traditionally, interviewing and recruitment processes do not go far beyond determining the educational background and experience of a candidate that is relevant to the job being filled. The traditional interview process generally focuses on “whats”—what the applicant's responsibilities have been, what his/her accomplishments and results have been. On the other hand, competency-based job profiles enable interviewers to go beyond “what” and shift to “how” questions. This is also known as behavioral interviewing. By understanding the past behavior of candidates in certain situations, interviewers can then predict how they will behave in the future. Behavioral interviews are highly structured, with questions designed to elicit specific demonstrations of the competencies required for a job.

To illustrate, many MFIs are now recognizing the need to be customer-focused. As markets become more competitive, and as financial products in the market become less differentiated, the ability of an institution to understand and respond to the needs of

its customers may be the difference between success and failure. The following table extracted from an MFI’s directory of competencies describes the behavior that best demonstrates the competency customer focus.

Table 10

PROFICIENCY LEVEL	EXPECTED BEHAVIOR
B	<ul style="list-style-type: none"> • Anticipates the needs and requirements of clients. • <u>Identifies opportunities to address/exceed expectations of clients.</u> • Analyzes and evaluates client concerns/problems and recommends solutions.
C	<ul style="list-style-type: none"> • Fosters an environment and initiates programs that ensure that customer satisfaction is valued and delivered. • <u>Coaches and mentors others on how to effectively respond to client needs.</u> • Is able to rise above personal, political and other biases and focus on the rational and objective resolution of a problem to address client needs.

Based on the description above, the following questions can be posed to the applicant to assess him/her against the underlined behavior “**Identifies opportunities...**”:

Describe a situation when you implemented new practices to improve service quality or timeliness.

1. How were the changes received by the staff?
2. How were changes received by the customers?
3. How did you measure the improvements and the client satisfaction?

To assess proficiency against “**Coaches and mentors others...**” the following can be asked:

Describe a situation when you gave feedback to a staff member concerning his/her interaction with a customer. What was the person’s reaction?

Competency-based interviewing and selection is increasingly being used in many industries because its benefits have been clearly shown. MFIs’ expansion strategies depend on their ability to maintain a pipeline of candidates that can be deployed in a timely manner with relatively short learning curves. A competency-based process is an effective means to that end.

Organizational Design

When positions are defined on the basis of required competencies, not only is recruitment more focused and targeted, but the positioning of that job in the organizational structure is also facilitated. As MFIs grow, not only are more people needed to fill similar positions, but new positions must be created to discharge new functions. For example, when MFIs expand their geographical scope, they add on positions such as area managers, and then zonal or regional managers. As they do so, one challenge is defining requirements for

the new positions and perhaps adjusting requirements for existing positions as well, so that they are creating additional value for their clients, and not just building hierarchy within the organization. The proficiency levels in an organization's competency model will facilitate the differentiation of jobs.

Another challenge related to expansion is aligning salaries and benefits with the competencies required in a job profile. This is related to another HR function, job evaluation: a systematic method of determining the worth of a job relative to other jobs in an organization, principally to establish wages or salaries paid. By tracing the link between competencies in a job profile and the value of the job, an institution can situate a position in the right place in the organization, with the appropriate level of remuneration. This is particularly helpful when classifying jobs in different departments, such as a finance manager versus a credit manager, or when categorizing field staff versus support staff.

Job evaluation and classification is simplified by using the competency approach. More importantly, it lends transparency to the process, thus building ownership among staff at all levels of the resulting organizational structure, with corresponding salary and benefit differentiations. Staff are able to comprehend and appreciate the significance and contribution of different jobs, particularly their own, in achieving organizational results.

Performance Evaluation System

“What gets measured gets managed” is an important axiom in management. In the competency approach, this means that competencies need to be integrated into existing or new performance management processes.

Traditional performance evaluation systems usually include both “hard” and “soft” criteria. For credit officers or branch managers, hard criteria are very clear quantitative targets against which results can be evaluated, such as number of loans released, amount of portfolio, number of clients, PAR, etc. In addition to these are “soft criteria” — usually translated as “traits” or “qualities.”

In many cases, however, institutions do not build a shared understanding of how these traits or qualities should manifest themselves in the workplace, which can result in inconsistency and unevenness in the way employees are evaluated. When personal definitions or interpretations are applied by supervisors and managers, a great deal of subjectivity in evaluations can result. Performance appraisals do tend to be subjective to some extent. However, the use of clearly defined competencies described in behavioral terms can make appraisals not only less subjective, but more transparent to the person being appraised.

Performance Dialogue

Reviewing competencies is not only useful once or twice a year, when the performance evaluation is undertaken, but throughout the year as part of performance dialogue and coaching in order to encourage desired behaviors. Many managers and supervisors dread

and sometimes avoid the performance appraisal process because they are unprepared for the difficult task of giving “negative feedback” to employees. By supplying managers and supervisors with a common “language” for describing specific behaviors, competency models bring greater focus to performance discussions, allowing effective behaviors to be reinforced, and behaviors that are inconsistent with expectation to be addressed.

Using competencies in this way gives an institution a powerful tool to shape the behavior of staff and build an institutional culture that promotes sustained performance.

Training and Development

Assessing which competencies employees currently have relative to the competencies required for their jobs enables an institution to take a more focused approach to training and development. Given that MFIs are currently under pressure to lower interest rates, improving efficiency through the competency approach is a valuable method of getting more impact out of training dollars.

Figure 18

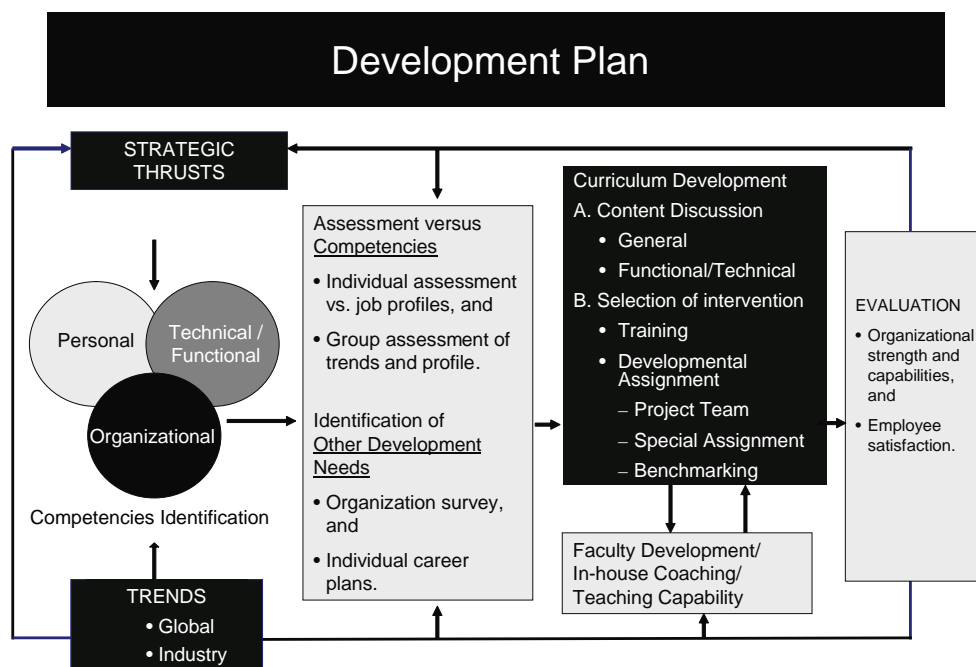


Figure 18 illustrates how competencies can provide a starting point for an institutional development plan. In a competency-based program, training and development begins with an accurate assessment of employee capability against the requirements of the current job and/or future roles. This “gap analysis” is usually undertaken together by both the employee and the manager or supervisor. Clear job profiles with competency definitions facilitate gap analysis by fostering both transparency and a process of employee development. Because expectations are clear and understood by both parties, assessment can be based on actual observations. When the process also clearly identifies

the direction towards which an employee can and should progress, the assessment process becomes developmental.

The analysis of competency trends within teams or departments, or across jobs or functions, will inform the design of appropriate interventions including training curricula and other developmental assistance.

INDIVIDUAL DEVELOPMENT PLAN

For individual employees, appropriate development plans can be designed based on the results of the individual gap analysis. Competency can be developed by various means; formal training is just one of the levers available to an institution. Life experience, self-help programs, coaching, and on-the-job training can be as effective as formal education or structured trainings as modes of acquiring and building competencies. In addition, special project assignments, secondment, and buddy systems can be effective ways of developing specific competencies without ballooning the training and development budget of an organization. Critical to the development of individualized plans is involving the employee in the design of the learning objectives. Development depends, to a large extent, on the individual, and when there is no buy-in from staff members regarding the need for and path toward development, there is little chance of real change.

Below is an example of an individualized plan to build the competency of *teamwork and cooperation*¹⁵. This is a simple chart which can be used as a model for building other competencies.

Table 11

SAMPLE LEARNING OPPORTUNITIES COMPETENCY: TEAMWORK AND COOPERATION	
SELF	WITH YOUR MANAGER
<ul style="list-style-type: none"> Identify your functions that require teamwork, 	<ul style="list-style-type: none"> Ask your manager to give you feedback on your participation level,
<ul style="list-style-type: none"> Review your behavior during these meetings, 	<ul style="list-style-type: none"> Proactively seek out assignments which require team cooperation.
<ul style="list-style-type: none"> Get feedback from others whenever appropriate, and 	
<ul style="list-style-type: none"> Take steps to resolve any conflict which exists at team level. 	
WITH PEERS	TRAINING WORKSHOPS
<ul style="list-style-type: none"> Discuss your participation level, and 	<ul style="list-style-type: none"> Team Building,
<ul style="list-style-type: none"> Look for opportunities to work with a team member who has a reputation as an excellent cooperater. 	<ul style="list-style-type: none"> Conflict Resolution, and
	<ul style="list-style-type: none"> Valuing Differences in a Team.

It is key to note that the development plan includes the employee's supervisors and peers—the very people who have made the assessment and whose feedback resulted in a better understanding of the developmental needs of the individual. It is fitting that the individual employee work with these same people to regularly assess the consistent demonstration of required behaviors in order to improve overall employee competence.

Succession Planning

The competency model can also be used to determine staff's preparedness to move to higher positions in the organization. This is done by performing an assessment of a staff person's competency, not against his own job profile, but against another position in his/her career path, or other positions in the organization to which he/she could potentially ascend.

For many MFIs, the policy of internal promotion—particularly for field positions—has been an important incentive for attracting individuals with leadership potential. A systematic method of updating the assessment of an organization's potential leaders provides a clearer picture of its "reserve" capability. These assessments can also be used to sharpen development plans so that they build staff skills and competencies along a directed path. In flatter organizations, lateral transfers that provide opportunities for employees to learn new things and reinvent themselves promote and preserve employee satisfaction. Competency models are a systematic way of identifying choices and alternative postings in an organization and improving the success rate of moves both for the employee and the institution.

At the top levels of any organization, assessments of key leaders against higher positions are an important piece of an organizational succession plan. Institutions that have clearly defined the competencies required for top positions will be better able to fill them when they open through vertical movement from within, or through outside hires. An MFI can institute a periodic and systematic method of measuring the competencies of its key managers and leaders against the next level up, in order to map out a clear plan for the development of these competencies and estimate the time period required to improve the level of preparedness of particular staff for higher positions. This process will reveal succession vulnerabilities, if any exist, in the key positions within an institution.

Conclusion

As the world increasingly looks to microfinance as a powerful and effective approach to global development, challenging microfinance institutions to build inclusive systems that reach the millions of the poor in the world, MFIs will need to look beyond their balance sheets and income statements to secure their position in the future. WWB believes that microfinance industry is ready for the introduction and use of competency models as a means to building strong MFIs for the future. Our experience working with our network

members supports this view, showing that the competency model offers MFIs many benefits:

- Competencies translate organizational strategies and programs into desired employee behavior. Through competency definition, an organization can communicate to employees the behaviors required for long-term individual and organizational success.
- The process of defining competencies requires heavy staff involvement. This involvement affords the staff a clearer understanding of the strategies, objectives and processes of the organization, and their own role in achieving these objectives.
- It also provides the organization with a mechanism for a more purposeful and focused training and development program. This in turn will enable the organization to develop desired capabilities that will ensure its sustained growth and success.
- Competency models can be used to “raise the bar” of performance. By defining the behaviors that characterize exemplary employees, employers can hire the right people for jobs, train existing staff towards desired behaviors, coach those who are not aligned with these behaviors, and continuously bring the organization to a higher level of success.
- Competency programs can contribute significantly to the strengthening of desired organizational culture by encouraging a shared definition and manifestation of the values an organization wishes to promote.

When working with network members, joint WWB-MFI teams provided feedback on competency modeling that followed consistent themes:

- The competency framework provides a systematic approach to taking stock of an organization’s current institutional capability, enabling it to sustain competitive market advantage.
- Applying the competency approach helps organizations develop a clear strategy on how to move forward.
- The competency process is seen as a major step in enhancing the institution’s professionalism.
- The competency process enables management to clearly articulate expectations of staff.

Box 8

“The organization has been growing but we have not improved the competencies along with it. We now know where the gaps are, we have to start aligning our thinking strategically to work on the gaps. Let us see this as a game that we will play for the next two years. No one will have everything or all the competencies. But for the organization to win, we need everyone in the team to win.”

WWB Network Leader

For the individual members of the institution:

- The competency process allows individuals and teams to align their personal and collective efforts with the strategic direction of the organization. In the process, existing staff members are able to understand and appreciate their own strengths and contributions to the organization.
- The competency process enables MFI employees to take a more active role in their own development, which can be very motivational.
- The process helps to define career paths more clearly and identify opportunities for career options.

Box 9

- *Process is excellent, but initially threatening (I might lose my job!).*
- *It opened a new thinking process for myself, and proved helpful in developing myself.*
- *It is a good system, it served as a mirror that allowed me to see myself relative to my position.*

Sample feedback from MFI assessment team

Many of the staff members that WWB worked with approached the process with some trepidation. Some individuals confided that they feared losing their jobs. However, by the end of the process, most of them were convinced of its relevance and timeliness, and appreciated the opportunity to understand more clearly what was expected of them. They also found it useful to learn through the assessments how they were perceived by the rest of the organization, and were eager to work on their gaps. They valued the opportunities to display their emerging competencies more strongly and consistently. Most importantly, the process enabled staff members to think more broadly, opening new horizons that allowed them to look beyond themselves and appreciate connections with other team members and how they relate to larger organizational objectives.

Key Success Factors

The introduction of the competency approach is a large change initiative that has potentially far-reaching implications for key organizational systems and processes. The following are key success factors for the introduction of the competency approach:

1. Commitment from the top. There must be full buy-in at the highest organizational levels for the initiative. This includes actual involvement of the CEO in the key processes of competency modeling as well as assessment. Resources must be allocated to the process and human resource professionals assigned full time to the initiative when the process is underway.
2. Staff ownership of the competency process. The importance of building staff ownership of the process and the resulting model cannot be overemphasized. It is the staff that will use the model both for job profiling and for assessments. When the process is seen as the grafting of an external model, the likelihood of rejection is high. However, when the process allows for a model that is co-developed by staff members themselves, it is more likely that the process will take root and bear fruit.
3. Simplicity and ease of use. Staff members using the model must understand its definitions to be able to make objective observations and assessments against it. In areas where English is the second or third language of the staff, it is important not to assume that translation by colleagues is sufficient to put across the ideas clearly. If the definitions are to be relevant and constantly referred to by the staff, they must be written in a language that all staff members are comfortable with and proficient in.
4. Rigorous follow-up to sustain momentum. The development of a competency model, while a significant step, is only the beginning of competency management. Applying and integrating the model into the other areas of human resources requires focus and discipline. The initial assessment process leaves the institution and most of the staff in a reflective and expectant state. The institution must seize the moment and use this energy to continue to institute changes in the organization.
5. Willingness to make difficult decisions. An institution must be willing and able to make the needed internal changes to derive the full benefits of the competency approach and translate it into sustainable advantage for the institution.

The competency approach holds great potential for microfinance institutions. By sharing their experiences, WWB and its network members hope that the industry will embrace this approach and take a dramatic approach to building organizational capacities for the future. We believe that stronger organizations will be well positioned to bring microfinance products and services to the next 100 million clients.

Appendices

Appendix I: Directory of Competencies

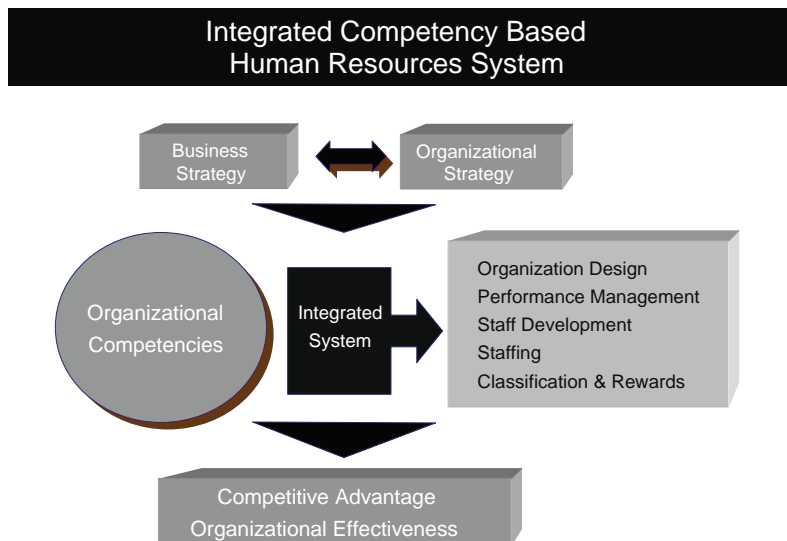
INTRODUCTION

The Women’s World Banking Directory of Competencies is the companion to the *Building Human Resources Capacity: Developing Competencies for Microfinance Institutions* report. WWB developed the Directory through collaborative work with WWB network members in creating integrated competency-based human resources (HR) systems. The report describes the step-by-step process of building competency models, and explains how to use and apply them. This short introduction is a guide to the use and benefits of the Directory for users who are unable to allocate resources to develop their own competency models.

COMPETENCY-BASED HR PROGRAM

A competency-based HR program is a framework that looks beyond current performance results to the institution’s future capacity to sustain performance and maintain competitiveness. By systematically identifying and analyzing the competencies needed to support its strategic objectives, an institution can develop a comprehensive program for the development of these competencies in the organization.

Figure 19



Competency-based programs, as shown in Figure 19, cover all HR processes from recruitment to performance management to training and development, and can extend to employee rewards. Competencies can serve as the connection between all of these processes, allowing an organization to define the profile of employees that it needs to recruit in order to ensure that the right employees are acquired by the organization. As employees begin to perform their assigned jobs, competencies can also serve as a basis for evaluating performance, and consequently become the basis for identifying developmental requirements. Through these processes, the organization becomes focused and consistent in the development of the various competencies that will enable it to achieve its long-term strategies.

BENEFITS OF A COMPETENCY-BASED HR PROGRAM

The competency approach has been in use in many industries for several decades. In the MFI sector, its systematic and comprehensive application has been limited. WWB has led the way in introducing competency modeling in the sector. The development of a competency model for an institution is an in-depth process that requires commitment of time and resources at the highest levels of the institution. The process undertaken by WWB with its network members is described in the main body of the report, along with some of the challenges encountered. The experience of WWB and its network members has shown the great benefits of investing time and resources in the development of a competency system. This includes:

- Competencies are the translation of the organization’s strategies and programs into desired employee behavior. By defining competencies, an organization is able to communicate to employees the behaviors required to help the organization succeed in the long term.
- The process of defining competencies requires heavy staff involvement. This involvement gives staff a clearer understanding of an organization’s strategies, objectives and processes, and their own role in achieving these objectives.
- Competencies provide an organization with the means to a more purposeful and focused training and development program, enabling the organization to develop capabilities that will ensure its sustained growth and success.
- Competency models can be used to “raise the bar” of performance. By defining the specific behaviors that characterize exemplary employees, employers can hire the right people for positions, train existing staff towards these behaviors, coach those who are not aligned with the desired behaviors, and continuously move the organization toward a higher level of success.
- Competency programs can significantly contribute to the strengthening of desired organizational culture by ensuring a shared definition and manifestation of the values that the organization wishes to promote.

Some of the benefits individuals and teams within an institution can derive from a competency-based program include:

- Competencies allow individuals and teams to align their separate and collective efforts with the strategic direction of the organization. In the process, existing staff are able to comprehend and bolster their strengths and contributions to the organization.
- Competency-based systems enable employees to take more active roles in their own development, which can be very motivational for employees.
- Competency-based systems help define career paths more clearly as well as identify opportunities for career options.

WHAT IS COMPETENCY?

Competency is defined as the sum total of observable knowledge, skills and behavior that lead to superior performance. Because superior performance is produced by the proper and relevant application of skills, the competency system focuses on observable and demonstrated behavior: competencies are expressed in visible behaviors displayed on the job, and thus can be measured and assessed.

Competencies are classified into three categories:

Technical—the set of technical/functional skills and knowledge required for the performance of a job. These are typically acquired through education, specialized training and/or relevant job experience. The depth of expertise required in each functional area will depend on the core processes of the organization. Generally, competencies associated with the core business processes will require high levels of expertise. Financial analysis and credit evaluation are examples of technical competencies.

Organizational—the set of supervisory/managerial, administrative and people skills required for effective performance. These are more difficult to develop, as they require some innate ability to make analyses and handle people. This Directory lists seven organizational competencies, including integrated perspective, management of information, and customer focus and problem solving.

Personal—the set of values and habits that represent an organization's foundation of performance and quality. These competencies are required of all positions and reflect the culture of the organization. Accountability, integrity and teamwork are examples of personal competencies.

The competency framework differs from a typical skills assessment, which focuses primarily on technical skills. The premise is that technical skills by themselves do not guarantee sustained superior performance. The combination of technical, organizational and personal competencies is what ensures successful performance of any given job.

PROFICIENCY LEVELS

After required competencies are identified, each competency can be defined and broken down into different proficiency levels. This is useful to capture the varying degrees of competency—because competency is not a single point but a continuum.

Figure 20

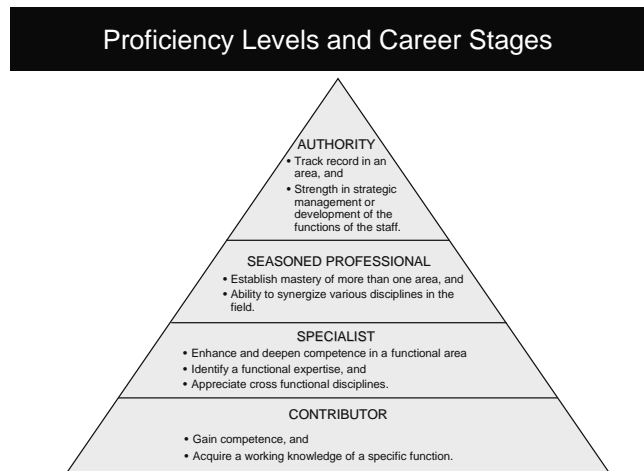


Figure 20 illustrates the career stages possible for different functional areas in an MFI. This model can be used to determine the proficiency levels required for each competency.

Because many MFIs have relatively flat organizational structures, there may not be a large degree of differentiation in proficiency levels of staff members for some competencies. But as institutions grow, they typically add additional layers to their organizational structures. For example, when MFIs expand their geographical scope, they create positions such as Area Managers, and then Zone or Regional Managers. This leads to the challenge of defining requirements for the new positions, and perhaps adjusting requirements for existing positions, to create additional value—not simply additional hierarchy—for the organization and its clients. Determining proficiency levels will help MFIs fine tune job definitions in order to achieve this goal.

The framework in Figure 20 illustrates a path of development. Based on this framework, there would be four proficiency levels which can be defined in general terms as:

Table 12

PROFICIENCY LEVEL	DESCRIPTION
A	<ul style="list-style-type: none"> • Has basic knowledge and understanding of the policies, systems and processes required in the competency area. • Implements and communicates the program/system associated with the competency.
B	<ul style="list-style-type: none"> • Has greater responsibilities and performs more complex duties in the competency area, requiring analysis and possibly research. • Interacts and influences people beyond own team.
C	<ul style="list-style-type: none"> • Recommends and pursues improvements and/or changes in the program/system. • Has a broader range of influence, possibly beyond the institution. • Provides coaching, mentoring to others on area of competency.
D	<ul style="list-style-type: none"> • Formulates policies in the competency area. • Sets directions and builds culture around this competency. • Provides leadership in this area, both within the organization and the larger microfinance industry.

Directory Overview

The Directory is structured as follows. Each competency is identified according to its category—Technical, Organizational or Personal. Technical competencies are further grouped into functional areas, such as credit management, research and development, internal control, accounting. Then the competency itself is described by a statement or series of statements also known as the competency definition.

CATEGORY:	• Technical
FUNCTIONAL GROUP OR PROCESS:	• Lending services
COMPETENCY:	• Portfolio and risk management
DEFINITION:	• Maintains high portfolio quality by taking preventive and curative measures as appropriate.

The definition is followed by a list of behaviors that reflect or demonstrate the competency by proficiency level. In this directory, A is the lowest proficiency level of each competency and D is the highest.

PROFICIENCY LEVEL	EXPECTED BEHAVIOR
A	<ul style="list-style-type: none"> • Interviews and gathers data needed to be able to determine the needs of the client. • Understands the current conditions of the client and identifies potential business issues.
B	<ul style="list-style-type: none"> • Ability to define the business requirements of the client and propose the appropriate solution • Ability to identify where to source required assistance or solutions. • Provides advisory services that address client needs.
...	

The list does not include all possible behaviors for the competency (see page 83 for full list of behaviors and proficiency levels), but these are the key behaviors that are expected to be demonstrated by staff for this competency.

How to Use the WWB Directory of Competencies for MFIs:

The Directory can be used by any MFI for the following purposes:

- Job profiling or creating job descriptions
- Recruitment and interviewing
- Creating a performance management system
- Performance feedback and dialogue
- Training and development
- Succession planning

The areas above are discussed in greater detail below.

JOB PROFILING

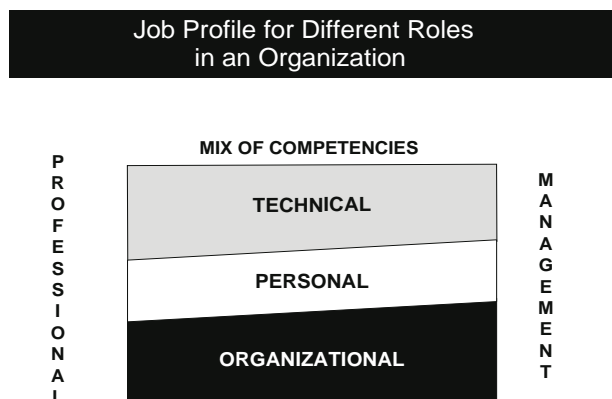
Most MFIs are experiencing a period of rapid expansion, which entails recruiting new staff to fill existing positions as well as staffing newly created positions. This requires defining job profiles for each of these positions.

Job profiling is the process of identifying the mix of competencies required in each position to achieve the job objective and also fulfill the mission and goals of the entire organization. In determining job profiles the primary consideration is the organization's needs, which may differ from the skills and responsibilities of a current job holder. Profiles may also take into consideration the future requirements of the organization according to current strategy, as well as those that would become necessary in order to support potential future organizational directions. The Directory of Competencies is useful in arriving at the right specifications for a position. The proficiency levels for each of the competencies can be used to outline the basic requirements of a position in terms of the technical, organizational and personal competencies.

The mix of competencies required will also evolve as employees advance through career stages. At higher levels, it is generally expected that there will be a shift from technical competencies to more organizational competencies like planning and setting direction, managing relationships and decision-making.

However, as the illustration in Figure 21 below highlights, personal competencies must be exhibited and demonstrated at all levels of your organization (regardless of rank and position) to build a strong culture and value system for your organization.

Figure 21



WWB assisted **Al Amana, Morocco**, in the development of job profiles for its managerial positions. Once the organization’s competency directory was developed, the Al Amana team used the directory to further define job profiles for positions in its credit department such as loan officer, senior loan officer and regional coordinator. They also used the directory in defining the requirements for a new position, individual lending project manager. The team’s work was then presented and discussed at a regional coordinator meeting to outline the exact expectations of the field staff.

Please see Appendix 3 for a sample job profile for a regional manager created using the WWB Directory of Competencies.

RECRUITMENT AND COMPETENCY-BASED INTERVIEWING

MFIs that are on a growth path need to constantly recruit new employees to support their growth. To maintain a strong pace of staff recruitment, MFIS should put in place effective recruitment and employee retention processes that ensure the constant inflow of qualified candidates and also be able to maintain a pipeline of staff ready for promotion. This process begins by hiring the right people for the organization.

When your organization clearly defines competencies through job profiles, human resources staff can focus on recruiting and interviewing candidates. Traditional interviewing and recruitment process tend not to move beyond understanding the educational background or the experience of the candidate that is relevant to the position. The traditional interview process focuses on “whats”: what the applicant’s responsibilities have been, and what his/her accomplishments and results have been. Competency-based job profiles enable interviewers to go beyond asking “what” and shift to “how” questions. Competency-based interviewing is also known as behavioral interviewing. By understanding the past

behavior of candidates in certain situations, interviewers can then predict how people will behave in the future. Behavioral interviews are highly structured. The questions asked are designed to elicit specific demonstration of the competencies that are required for the job.

The shift to behavioral interviewing is due to the fact that many MFIs are now recognizing the need for customer service. As markets become more competitive, and as financial products in the market become less differentiated, the ability of an institution to understand and respond to the needs of its customers can mean the difference between success and failure. The following table describes the behavior that best demonstrates customer service.

PROFICIENCY LEVEL	EXPECTED BEHAVIOR
B	<ul style="list-style-type: none"> • Anticipates the needs and requirements of customers (clients). • Meets and exceeds expectations of clients. • Analyzes and evaluates client concerns/problems and recommends solutions.
C	<ul style="list-style-type: none"> • Initiates programs that ensure customer satisfaction is valued and delivered. • Coaches and mentors others on how to effectively respond to client needs. • Rises above personal, political and other biases to focus on the rational and objective resolutions of problems and solutions for clients

Based on the competencies above, the following questions could be posed to the applicant to assess his/her proficiency in meeting and exceeding customer expectations.

Describe a situation when you implemented new practices to improve service quality or timeliness:

1. How were the changes received by the staff?
2. How were they received by customers?
3. How did you measure the improvements and client satisfaction?

To assess proficiency against “coaches and mentors,” the following could be asked:

Describe a situation when you gave feedback to a staff member concerning his/her interaction with a customer. What was the person’s reaction?

PERFORMANCE EVALUATION SYSTEM

As discussed earlier, many performance appraisal systems include personal characteristics like initiative or commitment. These often appear as criteria against which staff members are periodically assessed. However, only a few MFIs have gone through the process of building and communicating shared definitions for these types of qualities, much less identifying specific observable and measurable behaviors that are consistent with the qualities or values. This Directory contains an excellent sample of personal qualities

that can be adapted to the specific needs of your organization’s performance evaluation system.

Below is an example of how competency definitions can be used to build and reinforce institutional values and culture through your organization’s performance management system.

REVIEW OF COMPETENCIES		
INSTITUTIONAL VALUE	COMPETENCIES	RATING
Pursuit of Excellence and Innovation	<ul style="list-style-type: none"> • Describes new ways of looking at things and suggests innovative solutions. • Delivers quality work and services. • Reacts constructively to disappointments and setbacks and uses them as learning opportunities. 	
Customer-centric Orientation	<ul style="list-style-type: none"> • Makes delighting the external or internal customer a major goal of business planning and execution. • Earns the trust and respect of customers by establishing and maintaining productive partnership. • Builds customers' satisfaction by delivering quality products/ services and by developing innovative solutions that meet or exceed their expectations. 	
Mutual Respect	<ul style="list-style-type: none"> • Treats co-workers with courtesy and respect and values contributions of all team members. • Establishes trust with people at all levels. • Demonstrates an appreciation for the value that diversity of people adds to the workforce and organization. 	

PERFORMANCE DIALOGUE

Many managers and supervisors often dread and avoid the performance appraisal process because they are unprepared for the conversation required to provide negative feedback to employees. The Directory of Competencies can help managers and supervisors develop the skills and confidence to give more specific and relevant feedback to employees on an ongoing basis. By supplying managers and supervisors with a common language that describes specific behaviors, performance discussions can be more focused. Additionally, effective behaviors can be reinforced, and behaviors that are not consistent with the organization’s expectations can be addressed.

Where the competencies have not been communicated earlier, the competency definitions in this Directory can also be used to obtain agreement with staff on behavioral expectations as part of performance planning that should be done before the performance period.

TRAINING AND DEVELOPMENT

MFIs are under pressure to lower interest rates, therefore, they are constantly looking for ways to improve efficiencies across the board. The competency approach provides a way for them to get more impact out of their training budgets.

Within a competency based program, training and development starts out with an accurate assessment of an employee’s capabilities against the requirements of the current job and/or future roles. This “gap analysis” is usually undertaken by the employee and the manager/supervisor. Clear job profiles with competency definitions facilitate the gap analysis process because they support both a transparent and a developmental process. Because the expectations will be clearer and better understood by both parties, the assessment can be based on actual observations. When the process also clearly identifies where the employee can and needs to go, the process becomes developmental.

The Directory can also provide guidance toward crafting developmental or learning objectives for individual staff members. Gaps in critical competencies are identified, relevant coaching, mentoring, exposure or even formal training can be provided in specific areas to build up a staff’s level of competencies. Below is an example of how an MFI used specific competencies for individual development planning.

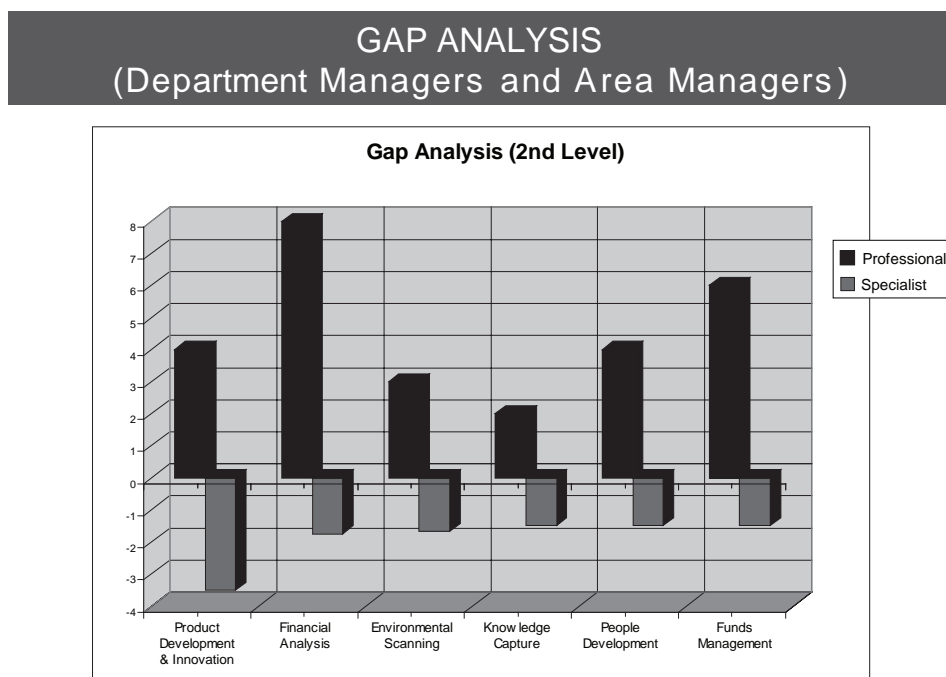
Action Needed to Reinforce Competency

	COMPETENCE/AREA OF IMPROVEMENT	ACTION NEEDED	EXPECTED OUTPUT
1.	Analytical Skills	<ul style="list-style-type: none"> Make several presentations in senior staff meetings on explaining and providing analysis of data. 	<ul style="list-style-type: none"> Increased capability for critical thinking and problem solving.
2.	Self-confidence	<ul style="list-style-type: none"> Develop knowledge of three programs, and demonstrate actions that will help in image building. 	<ul style="list-style-type: none"> Increased self-assurance based on deeper knowledge and understanding of issues.

WWB worked with several institutions to develop a systematic assessment of staff against specified competencies, including the distribution of competencies in teams or departments and even across functions or levels. Shown below is a sample of the report that was generated using assessment information for key managers of one MFI.

Figure 22 maps out the number of people with gaps in a specific competency against the average magnitude of the gap. The graph illustrates that a majority of the managers lack skills in financial analysis. However, the magnitude of the gap was relatively small which prompted the MFI to design a refresher curriculum that would build the competencies to the right level. Another area where the institution was at risk was in product innovation where a significant number of staff members had significant gaps from what is required on the job. In this case, a different approach might be required. Opportunities for those employees who have the right levels of competencies to coach and mentor peers whose competencies are emerging may be more appropriate.

Figure 22



Conclusion

This Directory is a compilation of competencies that were defined collaboratively between WWB and network member management and staff. Although work with each network member involved different contexts, the applicability and portability of many of the competencies became evident. As Women’s World Banking expanded its work with member institutions, it was possible to build onto what had already been developed through earlier engagements, resulting in a more streamlined process.

The definitions for the technical competencies reflect the known best practices among microfinance institutions. In some instances, there are technical competencies and corresponding behaviors that may be very specific to certain institutions with which WWB worked. However, for many of the competencies included in this Directory, there is universality to the definitions. The organizational and personal competencies are generic and applicable across a broader range of sectors and appear in many competency frameworks with which WWB’s Organizational Effectiveness Team is familiar.

This suggests an applicability and relevance of the Directory which goes beyond the four network members who collaborated in its development. We are sharing the Directory within the microfinance industry in order to leverage what has been piloted with four WWB network members to the benefit of the wider microfinance sector.

This Directory of Competencies is a work in progress and does not include an exhaustive list of all the competencies that are required for organizations to be successful providers of microfinance products and services. MFIs that use the Directory are encouraged to share with WWB and the rest of the microfinance sector, new competencies that they define in their own organizations so that this Directory can be expanded and updated with useful additions.

In conclusion, the WWB Directory of Competencies can serve as a valuable tool for any MFI. It can be a guide to make hiring practices more effective, to focus training and development efforts, and improve performance management systems.

DIRECTORY OF COMPETENCIES FOR MICROFINANCE INSTITUTIONS

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Technical Competencies

LOAN GROUP FORMATION

CATEGORY:	<ul style="list-style-type: none"> • Technical
FUNCTIONAL GROUP OR PROCESS:	<ul style="list-style-type: none"> • Lending Services
COMPETENCY:	<ul style="list-style-type: none"> • Loan group formation
DEFINITION:	<ul style="list-style-type: none"> • Forms new members into groups of borrowers, and builds strong relationships within groups to ensure cooperation and support among the members throughout the life of the group.

PROFICIENCY LEVEL	EXPECTED BEHAVIOR
A	<ul style="list-style-type: none"> • Recruits new clients. • Explains basics of group formation and dynamics. • Provides guidance to prospective clients on how to form groups.
B	<ul style="list-style-type: none"> • Develops groups with strong teamwork and internal support, providing an environment where each member is motivated to be productive.
C	<ul style="list-style-type: none"> • Trains others on group formation methodology.
D	<ul style="list-style-type: none"> • Develops and adjusts group formation procedures that will enable the organization to keep multiplying self-sustaining and productive groups of clients.

LOAN ASSESSMENT AND APPROVAL (PEER-BASED LENDING)

CATEGORY:	• Technical
FUNCTIONAL GROUP OR PROCESS:	• Lending Services
COMPETENCY:	• Loan assessment and approval (peer-based lending)
DEFINITION:	• The ability to assess the qualifications of a client/group member to qualify for a loan based on established parameters and criteria.

PROFICIENCY LEVEL	EXPECTED BEHAVIOR
A	<ul style="list-style-type: none"> • Possesses knowledge of the loan assessment process and the financial indicators used to assess loans.
B	<ul style="list-style-type: none"> • Computes financial ratios and other indicators used for assessing loan applications. • Obtains all information required to make a loan assessment. • Makes recommendations to grant or reject loan applications based on analysis of all prescribed indicators and parameters.
C	<ul style="list-style-type: none"> • Makes loan decisions on the basis of data provided with the loan recommendation. • Identifies, obtains and analyzes information beyond established parameters to further assess loan applications. • Continually reviews loan assessment procedures for possible enhancements to better serve the needs of clients. • Trains others in loan assessment procedures.
D	<ul style="list-style-type: none"> • Establishes loan assessment policies and procedures consistent with the capabilities and vision of the institution. • Ensures proper control mechanisms towards consistent implementation of the procedure across all regions and clients.

LOAN ASSESSMENT AND APPROVAL (ASSESSMENT-BASED LENDING)

CATEGORY:	• Technical
FUNCTIONAL GROUP OR PROCESS:	• Lending Services
COMPETENCY:	• Loan assessment and approval (assessment-based lending)
DEFINITION:	• Assesses clients qualifications to receive loans applied for, based on established parameters and criteria.

PROFICIENCY LEVEL	EXPECTED BEHAVIOR
A	<ul style="list-style-type: none"> • Understands the loan assessment process and the financial indicators used to assess loans.
B	<ul style="list-style-type: none"> • Computes financial ratios and uses other indicators to assess loan applications. • Obtains all information required to make a loan assessment. • Conducts character assessments. • Conducts risk analysis. • Processes collateral and guarantee documentation. • Makes recommendations to grant or reject loan applications based on analysis of all prescribed indicators and parameters.
C	<ul style="list-style-type: none"> • Makes loan decisions on the basis of data provided with loan recommendations • Manages credit committees • Identifies, obtains and analyzes information beyond established parameters to further assess loan applications • Continually reviews loan assessment procedures for possible enhancements to better serve the needs of the clients • Trains others in loan assessment and approval processes.
D	<ul style="list-style-type: none"> • Establishes loan assessment policies and procedures consistent with the capabilities and vision of the institution. • Ensures proper control mechanisms towards consistent implementation of procedures across all regions and clients.

CREDIT DELIVERY

CATEGORY:	• Technical
FUNCTIONAL GROUP OR PROCESS:	• Lending Services
COMPETENCY:	• Credit delivery
DEFINITION:	• Releases/disburses client loans according to approved amounts, terms and conditions, and in a timely manner (adhering to commitment to clients).

PROFICIENCY LEVEL	EXPECTED BEHAVIOR
A	<ul style="list-style-type: none"> • Understands the process for releasing and disbursing loans.
B	<ul style="list-style-type: none"> • Ensures that all required documents for the processing and release of approved loans are prepared. • Ensures that loan applications are processed at the earliest possible time. • Releases approved loans to the client. • Provides all inputs and justification for the approval of the loan.
C	<ul style="list-style-type: none"> • Continually reviews loan disbursement procedures for possible enhancements to better serve the needs of the clients.
D	<ul style="list-style-type: none"> • Ensures proper control mechanisms towards consistent implementation of the procedure across all regions and clients. • Defines credit policies and to establish systems and procedures to implement the policies.

PORTFOLIO AND RISK MANAGEMENT

CATEGORY:	• Technical
FUNCTIONAL GROUP OR PROCESS:	• Lending Services
COMPETENCY:	• Portfolio and risk management
DEFINITION:	• Maintains high portfolio quality by taking preventive and curative measures as appropriate.

PROFICIENCY LEVEL	EXPECTED BEHAVIOR
A	<ul style="list-style-type: none"> • Conducts client interviews and gathers data in order to determine the needs of the client. • Understands the current conditions of the client and identifies potential business issues.
B	<ul style="list-style-type: none"> • Defines the business requirements of the client and propose the appropriate solution • Identifies where to source required assistance or solutions. • Provides advisory services that address client needs.
C	<ul style="list-style-type: none"> • Defines complex requirements that entail solutions involving the different elements of the organization: governance, business strategy, product and market opportunities, operational processes, and people resources. Builds the capability of the client's organization. • Designs an integrated and comprehensive approach to meeting client needs. Mobilizes various resources toward meeting client needs. • Defines project scope and investment level and determines required time, resources to impact client's business.
D	<ul style="list-style-type: none"> • Develops new procedures and methodologies to assess and design appropriate comprehensive solutions for various client needs. • Builds capability of the institution to provide high-level solutions to clients. • Anticipates emerging needs within sector and industry and to develop a wide range of solutions.

BUSINESS CONSULTING

CATEGORY:	• Technical
FUNCTIONAL GROUP OR PROCESS:	• Business Development
COMPETENCY:	• Business consulting
DEFINITION:	• Uses the appropriate consulting approaches to define and deliver what clients need to strengthen their business (technical assistance).

PROFICIENCY LEVEL	EXPECTED BEHAVIOR
A	<ul style="list-style-type: none"> • Conducts client interviews and gathers data needed to determine the needs of the client. • Understands the current conditions of the client and identifies potential business issues.
B	<ul style="list-style-type: none"> • Defines business requirements of the client and proposes appropriate solutions. • Identifies where to source required assistance or solutions. • Provides advisory services that address client needs.
C	<ul style="list-style-type: none"> • Defines complex requirements that entail solutions involving the different elements of the organization: governance, business strategy, product and market opportunities, operational processes, and people resources. Builds the capability of the client's organization. • Designs an integrated and comprehensive approach to meeting client needs. Mobilizes various resources toward meeting client needs. • Defines project scope and investment level, and determines required time, resources to impact client's business.
D	<ul style="list-style-type: none"> • Develops new procedures and methodologies to assess and design appropriate comprehensive solutions for various client needs. • Builds capability of the institution to provide high-level solutions to clients. • Anticipates emerging needs within sector and industry and to develop a wide range of solutions.

CLIENT RESEARCH

CATEGORY:	• Technical
FUNCTIONAL GROUP OR PROCESS:	• Research and Development
COMPETENCY:	• Client research
DEFINITION:	• Conduct various forms of research on clients, their businesses and households. Develops and maintains a comprehensive information base that will facilitate improvements in existing products and services and new product development

PROFICIENCY LEVEL	EXPECTED BEHAVIOR
A	<ul style="list-style-type: none"> • Implements research on existing and potential clients according to market research plan.
B	<ul style="list-style-type: none"> • Designs specific market research to address a specific objective. • Monitors and manages external research agency or outside resources. • Identifies and designs the appropriate research methodology for a specific objective. • Analyzes market research results and recommend appropriate actions based on findings.
C	<ul style="list-style-type: none"> • Defines the types of research activities and projects that should be undertaken to provide the organization with relevant information for its strategic plans. • Synthesizes and integrates various research findings to arrive at trends and recommendations that will serve as basis for management actions and decisions. • Evaluates the performance quality of various research agencies employed by the organization. • Directs the conduct of market research and surveys that will generate market information relevant to the formulation/revision of marketing plans and strategies.
D	<ul style="list-style-type: none"> • Ensures the development of a market information base that will provide management with accurate and complete information on market trends and the overall competitive situation. • Evaluates quality of market research data to ensure it serves as a sound basis for decision-making.

ENVIRONMENTAL RESEARCH

CATEGORY:	<ul style="list-style-type: none"> • Technical
FUNCTIONAL GROUP OR PROCESS:	<ul style="list-style-type: none"> • Research and Development
COMPETENCY:	<ul style="list-style-type: none"> • Environmental research
DEFINITION:	<ul style="list-style-type: none"> • Identifies critical factors in the environment that will impact the organization and develops the appropriate systems to monitor and track the status of environmental factors in order to anticipate their implications.

PROFICIENCY LEVEL	EXPECTED BEHAVIOR
A	<ul style="list-style-type: none"> • Obtains regular information about identified external factors, including macroeconomic factors and competition. • Identifies exact factors to monitor and track.
B	<ul style="list-style-type: none"> • Devises methodologies and systems to source information and monitor behavior of external factors. • Analyzes trends and changes in identified external factors that have significant impact on the organization (product modifications, product innovations and customer segment expansion).
C	<ul style="list-style-type: none"> • Translates trends and correlations of developments in various external factors into clear organizational implications.
D	<ul style="list-style-type: none"> • Develops competencies that will enable the organization to identify, monitor, analyze and synthesize information on various external factors that impact the long-term performance of the organization.

PRODUCT DEVELOPMENT AND INNOVATION

CATEGORY:	• Technical
FUNCTIONAL GROUP OR PROCESS:	• Research and Development
COMPETENCY:	• Product development and innovation
DEFINITION:	• Stays attuned to the needs of the market and developments in the microfinance sector. Translates market knowledge into product innovations and new designs that are responsive to the needs of the clients.

PROFICIENCY LEVEL	EXPECTED BEHAVIOR
A	<ul style="list-style-type: none"> • Understands the various features of products and services . • Assesses gaps in current products, based on client feedback. • Assesses client needs for new products.
B	<ul style="list-style-type: none"> • Develops and makes improvements to current products to respond to client needs. • Designs research for more in-depth understanding of client needs for current and future products. • Monitors success of product modifications.
C	<ul style="list-style-type: none"> • Designs and develops new products and processes to meet the needs of clients. • Designs pilot programs for new products that gather data needed to roll out new products. • Applies developments in technology or brings in new developments in technology to make product innovations or improvements.
D	<ul style="list-style-type: none"> • Anticipates trends in the industry that will lead to the development of new products to better respond new market segments or new market needs.

CAPTURING KNOWLEDGE

CATEGORY:	• Technical
FUNCTIONAL GROUP OR PROCESS:	• Knowledge Management
COMPETENCY:	• Capturing knowledge
DEFINITION:	• Develops research, analyzes and distills findings. Uses institutional experience to organize information and findings and share them within organization.

PROFICIENCY LEVEL	EXPECTED BEHAVIOR
A	<ul style="list-style-type: none"> • Gathers and generates information required for research studies. • Identifies and finds reference materials relevant to research.
B	<ul style="list-style-type: none"> • Documents existing systems and identifies areas of possible research and learning.
C	<ul style="list-style-type: none"> • Designs research projects and impact studies. • Applies knowledge on research methodologies to distill information and findings; shares relevant information and knowledge.
D	<ul style="list-style-type: none"> • Identifies opportunities to garner knowledge from within the institution and from the financial or microfinance sector. • Develops systems that will institutionalize findings and knowledge that has been captured.

KNOWLEDGE DISSEMINATION

CATEGORY:	• Technical
FUNCTIONAL GROUP OR PROCESS:	• Knowledge Management
COMPETENCY:	• Knowledge dissemination
DEFINITION:	• Shares learning from various experiences and through different educational events and media.

PROFICIENCY LEVEL	EXPECTED BEHAVIOR
A	• Provides information on actual experiences within the institution.
B	• Imparts learning to benefit others.
C	• Creates events and programs that encourage sharing of learning within the institution. • Uses various types of communication methods to share knowledge.
D	• Creates events and programs that will enable the sharing of institutional learning and best practices within the sector.

MARKETING STRATEGY DEVELOPMENT AND IMPLEMENTATION

CATEGORY:	• Technical
FUNCTIONAL GROUP OR PROCESS:	• Marketing and Customer Service
COMPETENCY:	• Marketing strategy development and implementation
DEFINITION:	• Develops and implements marketing strategies and programs that will strengthen the institution's brand and maximize product profitability.

PROFICIENCY LEVEL	EXPECTED BEHAVIOR
A	<ul style="list-style-type: none"> • Implements specific components of marketing plans. • Provides feedback on the effectiveness of specific marketing programs.
B	<ul style="list-style-type: none"> • Recommends appropriate programs to strengthen the brand of the institution.
C	<ul style="list-style-type: none"> • Monitors implementation of marketing plans and strategies, and recommends necessary adjustments. • Develops measures and monitoring systems to ensure implementation of plans and assess their effectiveness.
D	<ul style="list-style-type: none"> • Develops marketing strategies to strengthen brand and market positioning of various products and services and strives to improve long-term profitability.

PROMOTION

CATEGORY:	• Technical
FUNCTIONAL GROUP OR PROCESS:	• Marketing and Customer Service
COMPETENCY:	• Promotion
DEFINITION:	• Promotes benefits of the organization's products and services to different target audiences.

PROFICIENCY LEVEL	EXPECTED BEHAVIOR
A	<ul style="list-style-type: none"> • Presents various features and benefits of products and institution.
B	<ul style="list-style-type: none"> • Analyzes and identifies benefits of products and organization. • Implements promotional activities and programs that are part of a plan. • Assesses and provides feedback on effectiveness of specific promotional activities.
C	<ul style="list-style-type: none"> • Positions products and organization as offering solutions to client needs. • Trains others in promoting the organization and its products. • Manages relationships with external agencies to design promotional tactics and materials. • Translates customer research insights into promotional campaigns and activities. • Evaluates effectiveness and impact of specific promotional campaigns.
D	<ul style="list-style-type: none"> • Designs and develops promotional campaigns and strategies to maximize awareness about the institution and its products and services, including mechanisms to track results.

CUSTOMER SERVICE

CATEGORY:	<ul style="list-style-type: none"> • Technical
FUNCTIONAL GROUP OR PROCESS:	<ul style="list-style-type: none"> • Marketing and Customer Service
COMPETENCY:	<ul style="list-style-type: none"> • Customer service
DEFINITION:	<ul style="list-style-type: none"> • Develops ongoing relationships between the organization and clients, with the objective of reaching high levels of customer loyalty and satisfaction.

PROFICIENCY LEVEL	EXPECTED BEHAVIOR
A	<ul style="list-style-type: none"> • Understands basic information about the organization and its programs for effectively addressing client needs. • Listens to and understands client concerns and issues, and responds positively. Acts promptly to address client complaints and concerns. • Handles difficult clients in a calm and non-confrontational manner.
B	<ul style="list-style-type: none"> • Identifies opportunities to address and exceed client expectations. • Analyzes and evaluates client concerns and problems to recommend solutions. • Rises above personal, political and other biases in order to address client needs by focusing on rational and objective resolutions of problems.
C	<ul style="list-style-type: none"> • Fosters an environment that values customer satisfaction. Initiates programs that ensure customer satisfaction is delivered. • Coaches and mentors others on how to effectively respond to client needs. • Develops and implements customer satisfaction measurements and performance quality reviews.
D	<ul style="list-style-type: none"> • Creates mechanism for securing client feedback and ensures immediate response to these concerns. • Formulates customer service policies and procedures aligned with the organization's objectives. • Develops a customer loyalty program for the organization.

ACCOUNTING

CATEGORY:	• Technical
FUNCTIONAL GROUP OR PROCESS:	• Finance
COMPETENCY:	• Accounting
DEFINITION:	• The ability to capture and record financial events in the organization that allows the preparation and presentation of the financial condition of the organization in accordance with local accounting standards.

PROFICIENCY LEVEL	EXPECTED BEHAVIOR
A	<ul style="list-style-type: none"> • Possesses basic knowledge of accounting procedures. • Applies basic bookkeeping principles to set up and maintain books of accounts in an accurate and organized manner.
B	<ul style="list-style-type: none"> • Summarizes accounts and generates trial balances. • Performs reconciliation of accounts. • Undertakes fund and/or program accounting by classifying transactions according to source of fund or type of activity. • Applies the appropriate type of fund to specific transactions based on pre-defined guidelines. • Consolidates accounts from different projects and transactions to show overall institutional performance.
C	<ul style="list-style-type: none"> • Reviews and verifies quality of record-keeping. • Prepares for and coordinates accounting audits with external auditors. • Has thorough knowledge of applicable tax regulations. • Applies relevant tax regulations to favorably benefit the organization. • Identifies accounting firms with strong auditing reputation that could help raise the level of awareness of important accounting issues and enhance the institution's ability to attract capital from third parties.
D	<ul style="list-style-type: none"> • Understands accounting principles thoroughly and applies them consistently. • Designs accounting systems. • Applies relevant local and international accounting standards in the design of accounting systems, policies and procedures. • Draws up guidelines and procedures to implement accounting policies. • Defines ways of presenting institutional data that are consistent with industry standards facilitate benchmarking.

FINANCIAL REPORTING

CATEGORY:	• Technical
FUNCTIONAL GROUP OR PROCESS:	• Finance
COMPETENCY:	• Financial reporting
DEFINITION:	• Organizes and accurately presents financial information. Interprets and highlights information to provide an accurate picture of the current state of the organization that is sufficient to inform decisions.

PROFICIENCY LEVEL	EXPECTED BEHAVIOR
A	<ul style="list-style-type: none"> • Prepares reports to show financial performance for each funding source, type of funding or program, based on pre-defined guidelines.
B	<ul style="list-style-type: none"> • Summarizes financial information into concise and organized briefings or presentations (focusing on highlights and cause and effect, and translating/summarizing technical and complex figures into formats that meet users' need to understand specific information). • Prepares customized reports according to the needs and purposes of various audiences (including required reporting to government(s)).
C	<ul style="list-style-type: none"> • Defines ways of presenting institutional data that are consistent with industry standards and facilitate benchmarking.

BUDGETING AND BUDGET CONTROL

CATEGORY:	<ul style="list-style-type: none"> • Technical
FUNCTIONAL GROUP OR PROCESS:	<ul style="list-style-type: none"> • Finance
COMPETENCY:	<ul style="list-style-type: none"> • Budgeting and budget control
DEFINITION:	<ul style="list-style-type: none"> • Develops appropriate guidelines that will enable the organization to translate financial terms in a simple manner its goals and programs for the year. Institutes measures that will enable the organization to monitor its progress against established budgets and recommends any necessary corrective actions. • Generates business projections and analyzes sensitivities on the projections to ensure proper planning for downside scenarios and the institution's long term financial health. • Identifies and estimates resources needed to accomplish objectives, and tracks and manages resources applied to activities. Provides analysis of variances from estimates.

PROFICIENCY LEVEL	EXPECTED BEHAVIOR
A	<ul style="list-style-type: none"> • Possesses knowledge of the institution's budget, procedures and guidelines. • Prepares information required for budget preparation. • Works within the limits of budget and resources allocated for the project/activities.
B	<ul style="list-style-type: none"> • Identifies and estimates resources to carry out activities within his/her own unit/ department. • Develops budgets and financial projections on project-by-project basis. • Prepares variance reports for managers.
C	<ul style="list-style-type: none"> • Develops budgets and financial projections for multiple projects. • Integrates budgets of different departments. • Prepares budget reports and variance analyses. • Is responsible for unit department budget and understands financial implications of actions. • Generates critical assumptions for planning and budget purposes. • Develops budget systems and procedures, and coaches other units on preparation of their budgets.
D	<ul style="list-style-type: none"> • Anticipates future conditions, problems and opportunities, and communicates them to the organization. • Ensures preparation of budget for the entire organization, and makes projections for the succeeding years. • Interprets actual performance of the institution against budget and draws implications as well as takes the necessary corrective actions needed.

FINANCIAL ANALYSIS

CATEGORY:	• Technical
FUNCTIONAL GROUP OR PROCESS:	• Finance
COMPETENCY:	• Financial analysis
DEFINITION:	• Generates ratios and indicators from financial and operational reports, interpreting these ratios to determine trends for management decisions and action. Projects future financial condition of the organization.

PROFICIENCY LEVEL	EXPECTED BEHAVIOR
A	<ul style="list-style-type: none"> • Reads and interprets basic financial statements. • Calculates basic financial ratios.
B	<ul style="list-style-type: none"> • Undertakes comparative analysis of financial statements over different periods, captures trends, identify major issues. • Calculates internal rate of return for existing and new products. • Demonstrates thorough understanding of financial ratios and the relationships between the ratios.
C	<ul style="list-style-type: none"> • Draws valid and in-depth conclusions about the organization's financial performance through the application of financial analysis and evaluation methods or models. • Coaches others in the use of financial ratios. • Benchmarks financial and operational performance against microfinance peers. • Benchmarks performance against key mainstream financial institutions, identifying and explaining key differences in performance.
D	<ul style="list-style-type: none"> • Uses financial ratios and indicators to identify causes of performance gaps. • Applies financial analysis to identify alternative courses of action in order to improve performance. • Performs financial analyses to determine organizational potential or project future financial performance.

FUNDS MANAGEMENT, TREASURY AND CASH MANAGEMENT

CATEGORY:	• Technical
FUNCTIONAL GROUP OR PROCESS:	• Finance
COMPETENCY:	• Funds management, treasury and cash management
DEFINITION:	<ul style="list-style-type: none"> • Ensures that the organization is able to access required funds at optimal cost and without undue risk. • Maximizes and protects financial resources of the organization through portfolio management and collections, efficient cash management systems, and diversification of credit and other sources of finance.

PROFICIENCY LEVEL	EXPECTED BEHAVIOR
A	<ul style="list-style-type: none"> • Prepares cash flow projections for funds required by operations, including monthly projections (updated weekly). • Monitors and reports individual daily collections. • Monitors performance of portfolio in terms of collections versus receivables and payables. • Develops short and medium term financial projections and prepare a plan to source necessary funding.
B	<ul style="list-style-type: none"> • Has basic knowledge of debt financing. • Has basic knowledge on investment options and evaluation. • Identifies strong institutions for safety of investments and for acquiring new/longer term capital. • Defines financing and investment policies and strategies for the organization. • Quantifies the costs of various funding options and analyzes loan transactions. • Prepares management reports on loans and financial packages. • Negotiates best rates on investments without running undue risk to the organization. • Accurately measures the value of existing assets to maximize their use as potential collateral for securing additional capital; accurately determines the fair market value of properties using research and relevant information.
C	<ul style="list-style-type: none"> • Evaluates the organization's funding exposures and risks, identifying, measuring, and controlling the organization's asset-liability matching (maturities, foreign exchange (FX) and interest rates). • Proposes prudent treasury risk exposure limits and strategies for minimizing risks. • Establishes risk sensitivity scenarios on projections and action plans to ensure accountability and adequate risk management. • Ensures that local regulatory requirements are satisfied in terms of cash reserves and capital access restrictions. • Process maps the organization's cash flows for consistency of practice, control, and identification of efficiency opportunities.
D	<ul style="list-style-type: none"> • Possesses sound knowledge of cash management systems, in order to maximize safety, returns, cost savings, and efficiencies of cash flows between head office and branches. • Analyzes the benefits and disadvantages of various cash management options, including centralization (control), decentralization (responsiveness), banks' electronic cash management systems, client needs, and the organization's savings and cash reserve regulatory requirements. • Designs cash control procedures to minimize risk and ensure effective enforcement (internal control).

FUNDS MOBILIZATION

CATEGORY:	• Technical
FUNCTIONAL GROUP OR PROCESS:	• Finance
COMPETENCY:	• Funds mobilization
DEFINITION:	• Maximizes the organization's access to capital in terms of amount, diversification of sources, pricing, and the flexibility of tenors.

PROFICIENCY LEVEL	EXPECTED BEHAVIOR
A	<ul style="list-style-type: none"> • Determines the organization's capital needs and design a funding plan to address those needs (amount, tenor and pricing limits). • Ensures processes that will maximize the organization's access to capital, such as transparency and ratings, preparation of marketing fact sheets, organized business plans, participation in local banking events, business events, and symposiums for networking opportunities.
B	<ul style="list-style-type: none"> • Identifies key sources of financing from local and international markets (commercial banks and capital markets). Identifies credit enhancements that might be available to address any collateral challenges (guarantees). • Develops strategies and action plans for acquiring capital from several funding sources, including arranging meetings, presentations and field visits. • Liases/negotiates with donors, bankers, lawyers and other capital markets professionals. • Assesses the full scope of a potential funder's requirements (including legal) and determines institutional capacity and costs associated with meeting these requirements. • Is persistent, patient and professional with funding institutions, and is responsive to their information needs. • Implements capital markets placement transactions and prepares related management reports. • Closes funding transactions. Ensures the orderly processing of loans to provide funds for the organization's needs.
C	<ul style="list-style-type: none"> • Able to measure the costs of new funds, both in terms of direct costs (interest rates and commissions) and risks (foreign exchange (FX), interest rates and maturities).

INTERNAL CONTROL

CATEGORY:	• Technical
FUNCTIONAL GROUP OR PROCESS:	• Internal Control
COMPETENCY:	• Internal control
DEFINITION:	• Ensures that adequate control guidelines are in place to protect the assets and resources of the organization.

PROFICIENCY LEVEL	EXPECTED BEHAVIOR
A	<ul style="list-style-type: none"> • Has basic knowledge of accounting procedures, including the ability to document and process accounting and financial transactions. • Has basic capability in validating and checking for conformance with established accounting standards and organizational policies and procedures. • Understands and adheres to policies and guidelines in a consistent and systematic manner.
B	<ul style="list-style-type: none"> • Implements audit and internal control procedures and techniques to ensure conformance of various business units to established and applicable policies and procedures. • Understands, prepares and corrects financial statements and supporting schedules. Possesses proficiency in analyzing movements and changes in accounting information. Resolves discrepancies, conducts reconciliation and makes corrections. • Implements both financial and non-financial audit plans.
C	<ul style="list-style-type: none"> • Applies cross-checking techniques to transactions and procedures to ensure integrity of financial information. • Defines internal control plans. • Ensures that work of others complies with policies and procedures. • Applies understanding of audit principles to describe approaches when working with internal and external auditors. • Demonstrates knowledge of business processes, and identifies gaps, deficiencies and non-conformance with policies and standards. • Identifies and assesses risk areas, and designs appropriate systems to ensure proper internal controls. • Integrates internal control principles and practices within the institution.
D	<ul style="list-style-type: none"> • Formulates policies and guidelines to minimize the financial and operating risk of the institution. • Has knowledge of ensures compliance with legal and statutory requirements. • Handles audits, including preparation for audits, working with auditors, commenting on audit reports, and developing corrective action plans. • Uses audit information to strengthen internal controls. • Designs or enhances accounting systems for the organization to ensure that it is responsive to its internal control requirements. • Has expertise in assessing adequacy of internal control systems and in recommending effective and appropriate action plans to resolve deficiencies at a total system or organization level. • Resolves significant internal control measures involving non-conformance or deviation from established controls.

DESIGN AND DELIVERY OF MANAGEMENT INFORMATION SYSTEMS

CATEGORY:	• Technical
FUNCTIONAL GROUP OR PROCESS:	• Management Information Systems (MIS)
COMPETENCY:	• Design and delivery of management information systems
DEFINITION:	• Develops and maintains systems that will provide the institution, its partners and its stakeholders with key information.

PROFICIENCY LEVEL	EXPECTED BEHAVIOR
A	<ul style="list-style-type: none"> • Provides information required by various users. • Understands, implements and supports management information systems.
B	<ul style="list-style-type: none"> • Uses MIS systems to produce management reports according to the specifications given.
C	<ul style="list-style-type: none"> • Develops systems to generate information, meeting the needs of the institution and various clients. • Liaises with external MIS experts to arrive at technology solutions for organization's MIS requirements.
D	<ul style="list-style-type: none"> • Identifies information requirements to meet the needs of internal and external stakeholders and to ensure the development of appropriate systems that will allow for the consolidation, organization and generation of information.

DATABASE MANAGEMENT

CATEGORY:	• Technical
FUNCTIONAL GROUP OR PROCESS:	• Management Information Systems (MIS)
COMPETENCY:	• Database management
DEFINITION:	• Designs, maintains and secures the appropriate database necessary to support the information systems of the organization.

PROFICIENCY LEVEL	EXPECTED BEHAVIOR
A	<ul style="list-style-type: none"> • Sources, installs and maintains the software to support the database requirements of the organization.
B	<ul style="list-style-type: none"> • Designs the database infrastructure needed to support the information systems of the organization.
C	<ul style="list-style-type: none"> • Provides parameters for the design of the appropriate database for the organization. • Develops the competencies needed to handle the database requirements of the organization.
D	<ul style="list-style-type: none"> • Develops the appropriate database infrastructure for the organization. • Ensures that the appropriate security systems are in place to safeguard the database infrastructure.

HARDWARE / NETWORK MANAGEMENT

CATEGORY:	<ul style="list-style-type: none"> • Technical
FUNCTIONAL GROUP OR PROCESS:	<ul style="list-style-type: none"> • Management Information Systems (MIS)
COMPETENCY:	<ul style="list-style-type: none"> • Hardware / network management
DEFINITION:	<ul style="list-style-type: none"> • Develops and maintains the hardware configuration and network infrastructure that will support the information system requirements of the institution as well as improve operating and cost efficiencies.

PROFICIENCY LEVEL	EXPECTED BEHAVIOR
A	<ul style="list-style-type: none"> • Has knowledge of hardware facilities and ability to troubleshoot basic, common hardware issues. • Implements maintenance programs for various hardware facilities.
B	<ul style="list-style-type: none"> • Troubleshoots more complex hardware systems issues and to recommend appropriate solutions. • Handles critical hardware and network issues, working with providers.
C	<ul style="list-style-type: none"> • Does capacity planning and forecasting and contributes to budget planning. • Negotiates with vendors and technology providers. • Researches and stays abreast of technologies to improve network performance.
D	<ul style="list-style-type: none"> • Develops a cost-effective hardware system and network that fits with the business objectives of the organization. • Aligns hardware and network expansion and growth with business objectives and strategies. • Provides the technical leadership and direction for the development and design of information technology network and systems.

RECRUITMENT

CATEGORY:	• Technical
FUNCTIONAL GROUP OR PROCESS:	• Human Resources
COMPETENCY:	• Recruitment
DEFINITION:	• Assesses and recruits potential staff with the right qualifications for the organization. Develops multiple recruitment sources.

PROFICIENCY LEVEL	EXPECTED BEHAVIOR
A	<ul style="list-style-type: none"> • Assists managers in creating competencies for staff positions. • Interviews, screens and recommends candidates for vacancies for temporary and permanent posts. • Processes documents and other requirements for new hires. • Ensures that applicants go through all the required screening and assessment procedures to determine suitability for opening.
B	<ul style="list-style-type: none"> • Prepares appropriate job advertisements for vacancies and openings. • Develops and implements multiple sourcing programs, for example campus recruitment, job fairs, and the internet. • Orients new hires regarding organization policies, procedures and benefits. • Monitors performance of new hires and assists the immediate superior in decision for regularization. • Conducts exit interviews and assists in the clearance of resigned, retired or terminated employees.
C	<ul style="list-style-type: none"> • Develops networks with agencies, schools, professional organizations and other institutions to find new candidates. • Assesses candidates for all positions and monitors hiring and permanency process. • Conducts exit interviews for all departing staff.
D	<ul style="list-style-type: none"> • Designs systems and procedures for recruitment. • Assesses candidates for executive positions. • Negotiates job offer packages with all candidates.

COMPENSATION AND BENEFITS

CATEGORY:	• Technical
FUNCTIONAL GROUP OR PROCESS:	• Human Resources
COMPETENCY:	• Compensation and benefits
DEFINITION:	• Develops and implements various compensation and benefits programs suited to the requirements of the organization.

PROFICIENCY LEVEL	EXPECTED BEHAVIOR
A	<ul style="list-style-type: none"> • Administers employee benefits. • Addresses employee questions and requests regarding compensation and benefits. • Determines the appropriate pay for staff.
B	<ul style="list-style-type: none"> • Ensures processing of payroll according to schedule and approved amounts. • Addresses all payroll-related issues and inquiries. • Performs reconciliation of payroll-related accounts. • Designs proper safeguards to ensure accuracy and confidentiality. • Initiates improvements in the payroll and benefits process/system. • Coordinates with the finance manager and other organizations regarding payroll policies, procedures and implementation.
C	<ul style="list-style-type: none"> • Designs and develops improvements in current compensation and benefits programs, or designs and develops new programs, in order to attract and retain quality staff in the organization.
D	<ul style="list-style-type: none"> • Determines compensation and benefits policies appropriate to the requirements and financial capacity of the organization. • Provides directions to the kinds of compensation and benefits programs that need to be developed for the organization.

TRAINING

CATEGORY:	• Technical
FUNCTIONAL GROUP OR PROCESS:	• Human Resources
COMPETENCY:	• Training
DEFINITION:	• Transfers technical and functional knowledge required by both staff and clients through the development and implementation of the appropriate training programs and interventions.

PROFICIENCY LEVEL	EXPECTED BEHAVIOR
A	<ul style="list-style-type: none"> • Assists in the development of training materials. • Assesses the training requirements of staff and clients. • Runs basic, standard training programs.
B	<ul style="list-style-type: none"> • Customizes simple training programs to the requirements of the client. • Determines, plan and implement different training programs suited to the requirements of the client and the organization for its staff. • Utilizes a variety of training tools and approaches for effective training.
C	<ul style="list-style-type: none"> • Builds and manages network of providers for various training programs that may be required by the organization and its clients. • Manages the training programs needed to build the capability of organization and its clients. • Evaluates effectiveness of training programs. • Develops capability of staff to conduct training programs for various audiences. • Designs and develops more sophisticated training programs that improve capabilities in the areas of governance, strategy development and market development.
D	<ul style="list-style-type: none"> • Ensures quality of training programs for clients and the organization. • Ensures continuous development of new approaches for training that are suited to the requirements of the organization and its clients.

ORGANIZATIONAL PLANNING AND DEVELOPMENT

CATEGORY:	• Technical
FUNCTIONAL GROUP OR PROCESS:	• Human Resources
COMPETENCY:	• Organizational planning and development
DEFINITION:	• Designs organizational structures, defines the required organization and job competencies. Implements organizational design plans, including recruiting staff with the right competencies to achieve organizational strategies.

PROFICIENCY LEVEL	EXPECTED BEHAVIOR
A	<ul style="list-style-type: none"> • Participates in organizational reviews and job design. • Assesses current staffing requirements and identify gaps. • Facilitates action-planning process to address human resources gaps.
B	<ul style="list-style-type: none"> • Facilitates identification and definition of various organizational and job competencies. • Determines appropriate staffing requirements for department level following prescribed assumptions and guidelines. • Conducts organizational diagnosis to assess human resources gaps.
C	<ul style="list-style-type: none"> • Provides consulting services to managers on their organizational structure and staff recruitment needs. • Initiates changes and improvements in planning processes and systems. • Determines appropriate staffing requirements for several departments or group levels. • Recommends appropriate interventions to address key organizational issues.
D	<ul style="list-style-type: none"> • Develops the philosophy, policies and procedures for organizational planning and development processes. • Designs an organizational structure aligned to the institution's vision and long-term strategies.

LEGAL SERVICES

CATEGORY:	• Technical
FUNCTIONAL GROUP OR PROCESS:	• Corporate Affairs
COMPETENCY:	• Legal services
DEFINITION:	• Safeguards the interest of the organization within the legal framework of the environment in which it operates.

PROFICIENCY LEVEL	EXPECTED BEHAVIOR
A	<ul style="list-style-type: none"> • Understands relevant laws pertinent to the products and services of the organization.
B	<ul style="list-style-type: none"> • Identifies laws that have relevant implications for the operations of the organization. • Takes the necessary actions that will prevent and/or resolve any legal disputes concerning the organization's operations..
C	<ul style="list-style-type: none"> • Develops positions, policies and programs that will ensure that the organization is within the legal framework of the environment in which it operates.
D	<ul style="list-style-type: none"> • Ensures that the organization operates in compliance with all provisions of the law in the conduct of all of its operations.

STAKEHOLDER MANAGEMENT

CATEGORY:	• Technical
FUNCTIONAL GROUP OR PROCESS:	• Corporate Affairs
COMPETENCY:	• Stakeholder management
DEFINITION:	• Identifies the organization's stakeholders (board members, public sector institutions and affiliated institutions) and develops programs that will enable the organization to build strong relationships with them.

PROFICIENCY LEVEL	EXPECTED BEHAVIOR
A	<ul style="list-style-type: none"> Disseminates information to specific stakeholders to educate them about the organization's programs and services.
B	<ul style="list-style-type: none"> Implements programs designed to strengthen relationships with specific stakeholders. Handles and addresses specific issues that may be raised by a stakeholder of the organization.
C	<ul style="list-style-type: none"> Identifies critical stakeholders and creates strategies and that will enable the organization to forge strong relationships and partnerships with them. Manages conflicting issues among different stakeholders.
D	<ul style="list-style-type: none"> Builds strong networks among the different stakeholders of the organization and forms partnerships with them in various areas that work toward achieving the vision of the organization.

COMMUNICATIONS (INTERNAL)

CATEGORY:	• Technical
FUNCTIONAL GROUP OR PROCESS:	• Corporate Affairs
COMPETENCY:	• Communications
DEFINITION:	• Understands and is sensitive to the background of his/her audience and determines the best medium for conveying messages. Simplifies messages to make them easily understood by the audience. Uses a variety of communications methods.

PROFICIENCY LEVEL	EXPECTED BEHAVIOR
A	<ul style="list-style-type: none"> • Exhibits good oral and written communication skills. • Listens to, understands and follows instructions well.
B	<ul style="list-style-type: none"> • Gathers accurate feedback and gives clear instructions to subordinates or team members. • Transmits relevant information to the team members and clients. • Prepares technical reports and presentation materials. • Uses various media and approaches to communicate ideas that fit the situation or need.
C	<ul style="list-style-type: none"> • Exhibits excellent oral and written communication skills. • Develops and conducts presentations of various products and services to clients. • Develops and implements communication plans and programs that support the organization's activities and initiatives. • Communicates in a way that motivates people to act. • Uses a wide range of methods to communicate, including language and style that capture the attention of a target audience. • Provides relevant information across the organization and ensures the mechanisms are in place to enable timely flow of information.
D	<ul style="list-style-type: none"> • Provides direction regarding communication systems. • Monitors communication lines in the organization and with external partners and audiences. • Transmits key information to the whole organization in a timely and effective manner. • Creates an environment which fosters trust and transparent and open communication. • Communicates the organization's vision, mission and values in a way that inspires and enables staff members to apply them daily. • Communicates with different audiences, both internal and external.

BUILDING AND FACILITIES ADMINISTRATION

CATEGORY:	• Technical
FUNCTIONAL GROUP OR PROCESS:	• Administration
COMPETENCY:	• Building and facilities administration
DEFINITION:	• Provides support services in the area of office/building administration, and consistently enforces the organization's administrative policies designed to create a conducive office environment.

PROFICIENCY LEVEL	EXPECTED BEHAVIOR
A	<ul style="list-style-type: none"> • Implements layout and space assignment according to approved plans. • Establishes guidelines and procedures for office space management. • Maximizes office space allocation in order to minimize costs. • Coordinates with building administration/lessor to ensure that the needs of the organization are met.
B	<ul style="list-style-type: none"> • Formulates policies on office space management. • Monitors developments on new approaches and technologies in office space management and assesses applicability to the organization. • Selects and negotiates new satellite sites or regional locations. • Oversees construction projects. • Formulates and implements house rules and safety measures across the different units.
C	<ul style="list-style-type: none"> • Anticipates the organization's needs for office space and plans to acquire additional space at an optimal price. • Anticipates organizational changes and needs that will require the creation of new policies and/or the acquisition of facilities and additional resources.

PURCHASING

CATEGORY:	• Technical
FUNCTIONAL GROUP OR PROCESS:	• Administration
COMPETENCY:	• Purchasing
DEFINITION:	• Obtains supplies and materials needed by the organization, according to the schedule and specifications required, and at an optimal price.

PROFICIENCY LEVEL	EXPECTED BEHAVIOR
A	<ul style="list-style-type: none"> • Handles negotiations with suppliers to obtain optimal prices. • Delivers office supplies according to required quality, quantity and timetable. • Manages petty cash, revolving fund disbursements and liquidation reports according to established guidelines. • Contributes to the development of processes to conserve resources.
B	<ul style="list-style-type: none"> • Establishes purchasing standards for supplies required by the organization. • Establishes guidelines and procedures for purchasing. • Assesses suppliers according to established qualifying standards. • Establishes accreditation guidelines for suppliers based on quality standards of the organization.
C	<ul style="list-style-type: none"> • Ensures that proper controls are observed for purchases. • Defines purchasing policies, particularly for key supplies and suppliers. • Anticipates future needs of the organization and ensures that those needs are met at an optimum price.

OFFICE SERVICES

CATEGORY:	• Technical
FUNCTIONAL GROUP OR PROCESS:	• Administration
COMPETENCY:	• Office services
DEFINITION:	• Provides various support services in the area of office administration, and enforces the organization's administrative policies.

PROFICIENCY LEVEL	EXPECTED BEHAVIOR
A	<ul style="list-style-type: none"> • Implements administrative programs and services according to established policies, and addresses the administrative needs of various units.
B	<ul style="list-style-type: none"> • Manages service providers so that they meet the administrative needs of organization and provide quality services. • Develops systems and procedures to ensure that units are given logistics support for smooth implementation of their work programs.
C	<ul style="list-style-type: none"> • Sets and defines standards for delivery of services required. • Anticipates logistics requirements of the organization based on plans and programs, and ensures their delivery.

SECURITY MANAGEMENT

CATEGORY:	• Technical
FUNCTIONAL GROUP OR PROCESS:	• Administration
COMPETENCY:	• Security management
DEFINITION:	• Designs and implements security systems that will safeguard the vital information, assets and resources of the organization.

PROFICIENCY LEVEL	EXPECTED BEHAVIOR
A	<ul style="list-style-type: none"> Follows and implements security measures established by the organization.
B	<ul style="list-style-type: none"> Assesses the current security measures and procedures of the organization and recommends any required revisions to strengthen those procedures and ensure that they comply with possible new regulations. Assesses organizations providing security to all of the organization's operations.
C	<ul style="list-style-type: none"> Establishes criteria and standards for the selection of entities that will implement security programs for the organization. Designs security programs for the organization.
D	<ul style="list-style-type: none"> Develops security policies for the organization and ensures that these policies are consistently and strictly adhered to by the entire organization.

LEADERSHIP

CATEGORY:	• Technical
FUNCTIONAL GROUP OR PROCESS:	• Management
COMPETENCY:	• Leadership
DEFINITION:	• Influences others towards a shared vision.

PROFICIENCY LEVEL	EXPECTED BEHAVIOR
A	• Establishes credibility with others as part of a team or among clients.
B	• Influences team members or client members towards supporting the objectives of the organization.
C	• Influences groups or organizations not under one's authority towards supporting a common objective.
D	• Influences policy makers and other opinion leaders towards a common vision.

ORGANIZING

CATEGORY:	• Technical
FUNCTIONAL GROUP OR PROCESS:	• Management
COMPETENCY:	• Organizing
DEFINITION:	• Determines the various functions needed to accomplish a goal or objective in the most effective manner. Places the right people in responsible positions to achieve the program goals and objectives.

PROFICIENCY LEVEL	EXPECTED BEHAVIOR
A	<ul style="list-style-type: none"> • Defines the tasks to be accomplished by a small team and assigns specific tasks to be performed by each team member.
B	<ul style="list-style-type: none"> • Defines and groups the tasks to be accomplished by a unit and/or a cross-functional team. Assigns work to each member of the unit.
C	<ul style="list-style-type: none"> • Defines and groups the tasks to be accomplished by the organization and assigns each organizational unit the proper point person or leader. • Views the organization in relation to other institutions in the sector and other related industries.
D	<ul style="list-style-type: none"> • Facilitates the organization of multiple institutions into networks.

PERFORMANCE MANAGEMENT

CATEGORY:	<ul style="list-style-type: none"> • Technical
FUNCTIONAL GROUP OR PROCESS:	<ul style="list-style-type: none"> • Management
COMPETENCY:	<ul style="list-style-type: none"> • Performance management
DEFINITION:	<ul style="list-style-type: none"> • Defines and sets objectives and standards to be accomplished within an organization and by individuals. Regularly monitors actual performance against these objectives and standards. Provides corrective action and advice to help the organization and individuals achieve their performance objectives.

PROFICIENCY LEVEL	EXPECTED BEHAVIOR
A	<ul style="list-style-type: none"> • Defines individual objectives that are aligned to the objectives of the organization. • Conducts benchmarking against defined and established objectives and standards.
B	<ul style="list-style-type: none"> • Defines objectives to be accomplished by a team or unit that are aligned to the objectives of the entire organization. • Monitors and evaluates the performance of a team and unit against defined and established objectives and standards. • Coaches members of the team or unit, taking necessary corrective actions to ensure that objectives will be achieved.
C	<ul style="list-style-type: none"> • Determines the performance measures and standards that will be used in evaluating the performance of the organization. • Monitors and evaluates the performance of the organization's units and takes corrective actions to ensure that the organization achieves its objectives.
D	<ul style="list-style-type: none"> • Continuously raises the bar of performance and challenges the organization to reach higher levels of performance.

PEOPLE DEVELOPMENT

CATEGORY:	• Technical
FUNCTIONAL GROUP OR PROCESS:	• Management
COMPETENCY:	• People development
DEFINITION:	• Assesses the competencies of an individual and determines the best development approach to enable him/her to reach full potential. Coaches and mentors others in their personal and professional growth.

PROFICIENCY LEVEL	EXPECTED BEHAVIOR
A	<ul style="list-style-type: none"> • Assesses self and understands and accepts personal strengths and areas for improvement. • Receives feedback from others. • Takes time to develop, improve and nurture self, and discovers opportunities for self-development. • Seeks out mentors and coaches to provide guidance in personal and professional development.
B	<ul style="list-style-type: none"> • Provides feedback to team members and subordinates, and seeks feedback from others. • Is open to change and works out developmental steps to address improvement areas. • Draws insights from and shares experiences and learning with others in the team. • Balances career expectations with the needs of the organization.
C	<ul style="list-style-type: none"> • Challenges and motivates staff and/or team members to grow, assume greater responsibilities and aspire to develop themselves. • Considers individual career aspirations when assigning and developing people for greater responsibilities. • Creates opportunities for sharing of learning. • Empowers others to increase contribution and level of responsibility to meet the team's objectives. • Appraises, coaches and counsels subordinates to improve or sustain good performance. • Develops mentoring and coaching skills in others. • Uses the appropriate rewards and recognition tools to reinforce good performance. • Contributes to the enhancement and improvement of people development systems and practices within the organization, promoting the development of required competencies among staff.
D	<ul style="list-style-type: none"> • Builds a learning organization (an organization which creates and acquires knowledge to generate innovative practices and services). • Selects and develops the right people for key managerial positions for the organization. • Fosters an organizational culture of excellence, teamwork and commitment to the vision and mission.

Organizational Competencies

INTEGRATED PERSPECTIVE

CATEGORY:	<ul style="list-style-type: none"> Organizational
COMPETENCY:	<ul style="list-style-type: none"> Integrated perspective
DEFINITION:	<ul style="list-style-type: none"> Views situations and problems in their total environment and organizational context. Integrates information and perspectives in order to arrive at a complete assessment of a situation. Develops a holistic and integrated solution and thinks through its implications.

PROFICIENCY LEVEL	EXPECTED BEHAVIOR
A	<ul style="list-style-type: none"> Appreciates the mission and the products and services that the institution offers. Considers immediate implications of a situation, problem or project for his/her own work. Connects his/her work to the overall mission of the institution.
B	<ul style="list-style-type: none"> Understands related functions of the unit, along with its plans and programs, and anticipates possible implications for own work. Understands the different organizational systems and their interconnection in order to create holistic solutions.
C	<ul style="list-style-type: none"> Understands the factors that need to be considered with regard to specific projects, and incorporates them in the development and management of those projects. Views projects in their totality and understands their overall impact on the organizational strategies. Understands and factors in the interconnected relationship of the products and services being offered by the institution.
D	<ul style="list-style-type: none"> Understands the dynamics of the various internal and external factors affecting the institution in order to arrive at appropriate strategies or solutions. Understands the dynamics of the industry of which the institution is a part, and anticipates developments that could have a significant impact the institution's future.

PLANNING

CATEGORY:	• Organizational
COMPETENCY:	• Planning
DEFINITION:	• Identifies and prioritizes courses of action needed to accomplish an objective. Manages time for efficient performance of the tasks required to achieve set objectives.

PROFICIENCY LEVEL	EXPECTED BEHAVIOR
A	<ul style="list-style-type: none"> • Prepares and implements a plan of action for his/her own work or project. • Monitors work against objectives and set targets. • Balances the quality of work with meeting deadlines and budget constraints. • Provides timely performance feedback to supervisor.
B	<ul style="list-style-type: none"> • Defines tasks and develops realistic work plans, including budgets, resources and timetables. • Plans major projects and coordinates all required activities to meet project objectives. • Coordinates work plans with others to accomplish common objectives. • Anticipates problems and issues, and responds to them accordingly. • Measures progress against targets and revises work plans accordingly.
C	<ul style="list-style-type: none"> • Plans multiple project activities with multiple components. • Monitors scope of own work and of team(s) to meet objectives. • Creates a participative work environment where task members understand individual roles and targets to meet their goals.
D	<ul style="list-style-type: none"> • Constantly reviews the vision, mission and philosophy of the organization to meet the needs of a changing environment. • Prepares strategic and long-term plans for the organization. • Allocates resources according to strategic plans and priorities. • Monitors performance of units according to agreed timetables and work standards.

DECISION MAKING AND PROBLEM SOLVING

CATEGORY:	<ul style="list-style-type: none"> Organizational
COMPETENCY:	<ul style="list-style-type: none"> Decision making and problem solving
DEFINITION:	<ul style="list-style-type: none"> Analyzes and identifies issues causing gaps and deviations from standards and/or objectives, and determines and implements the best course of action in a given situation. Commits resources towards achievement of objectives, and is accountable for decisions made.

PROFICIENCY LEVEL	EXPECTED BEHAVIOR
A	<ul style="list-style-type: none"> Uses basic knowledge to analyze problems and identify issues and probable causes. Gathers the necessary information to identify possible solutions to problems. Makes decisions based on set procedures, guidelines and policies.
B	<ul style="list-style-type: none"> Gathers information to identify issues and possible solutions for problems that affect the team/department. Demonstrates capacity for inductive and deductive problem solving on key issues, using past experience and technical knowledge in identifying appropriate solutions. Makes decisions in a timely manner and assumes joint responsibility for end-results. Implements solutions within the proper scope of authority. Ensures that all parties involved in and affected by decisions made are properly informed.
C	<ul style="list-style-type: none"> Uses problem-solving and decision-making techniques in approaching and solving complex problems. Uses in-depth research tools and information systems to analyze problems and identify solutions. Mentors others and demonstrates skill in helping others solve problems and arrive at solutions. Anticipates potential problems and issues and takes appropriate preventive actions. Ensures implementation of decisions through active and constant monitoring of status and progress. Identifies critical checkpoints and makes decisions about changing course to ensure achievement of goals. Influences others to make appropriate decisions. Empowers others to make decisions for themselves.
D	<ul style="list-style-type: none"> Creates an environment that encourages creative problem-solving and decision-making methods. Demonstrates critical thinking skills in anticipating and resolving problems involving strategic and conflict-ridden issues. Creates solutions which entail analyzing conceptual information and devising new approaches where previously accepted methods may have proven inadequate. Empowers others to think and analyze issues considering the overall objectives of the organization. Exhibits decisiveness in implementation of organization's strategic plans. Regularly evaluates and assesses the impact of decisions on the organization. Influences the speed of decision-making and degree of risk-taking in the organization. Ensures that all major decisions are properly documented and clearly communicated to everyone concerned.

MANAGEMENT OF INFORMATION

CATEGORY:	<ul style="list-style-type: none"> Organizational
COMPETENCY:	<ul style="list-style-type: none"> Management of information
DEFINITION:	<ul style="list-style-type: none"> Obtains, synthesizes, interprets and analyzes diverse information in order to generate possible solutions, arrive at decisions or prepare bases upon which good decisions can be made.

PROFICIENCY LEVEL	EXPECTED BEHAVIOR
A	<ul style="list-style-type: none"> Performs simple data gathering based on defined procedures and conducts simple analyses based on information gathered. Understands the nature of information required to be able to achieve work objectives.
B	<ul style="list-style-type: none"> Defines the information needed to be able to understand the nature of a program or problem. Employs various techniques to obtain all the information required. Organizes, analyzes and documents information obtained to generate or develop a required action.
C	<ul style="list-style-type: none"> Integrates all information obtained concerning program needs or concerns to determine a complete solution. Designs systems required to capture the information needed by the organization. Draws out relevant information that could provide business opportunities for the organization or provide a broader perspective for a given project.
D	<ul style="list-style-type: none"> Ensures development and maintenance of systems for capturing and organizing relevant information from multiple sources that will give the organization an advantage by providing appropriate business solutions to its end-customers and in facilitating organizational decisions. Ensures that adequate resources are allotted for the installation of appropriate information systems technology to meet this purpose.

MANAGING RELATIONSHIPS

CATEGORY:	<ul style="list-style-type: none"> Organizational
COMPETENCY:	<ul style="list-style-type: none"> Managing relationships
DEFINITION:	<ul style="list-style-type: none"> Relates with people at various institutional levels and of different ranks both internally and externally. Forges strong relationships that support the achievement of the institution's vision and mission. Considers the nature and complexity of relationships with other organizations with which the institution interacts.

PROFICIENCY LEVEL	EXPECTED BEHAVIOR
A	<ul style="list-style-type: none"> Builds and maintains harmonious relationships with different staff members within the institution Works effectively as a member of a team.
B	<ul style="list-style-type: none"> Builds credibility and trust with colleagues and superiors, particularly with end-customers. Influences others to work together. Applies team-building skills in working effectively in a team.
C	<ul style="list-style-type: none"> Forges and builds relationships based on mutual trust and respect with various levels of the organization and with critical external stakeholders of the organization. Manages conflicting issues among stakeholders with the goal of reaching agreements and common objectives. Develops and maintains a "win-win" approach in dealings with colleagues, subordinates, superiors and end-customers.
D	<ul style="list-style-type: none"> Promotes synergy and unity across the various units in the organization. Manages relationships with board members and other stakeholders and effectively influences them on key issues for the organization. Builds strategic relationships with critical external networks and alliances that will enhance the long-term growth and competitiveness of the organization while achieving strategic objectives.

KNOWLEDGE OF RELEVANT TECHNOLOGY

CATEGORY:	• Organizational
COMPETENCY:	• Knowledge of relevant technology
DEFINITION:	• Regularly sources, evaluates and adopts new and relevant technology improvements to strengthen the organization's effectiveness and quality of service.

PROFICIENCY LEVEL	EXPECTED BEHAVIOR
A	<ul style="list-style-type: none"> Identifies and uses relevant technology and equipment (computers, software) to enhance own learning and improve productiveness and quality of service.
B	<ul style="list-style-type: none"> Identifies and uses more complex tools and technology to enhance job knowledge and improve quality of services.
C	<ul style="list-style-type: none"> Identifies and uses a variety of complex tools and new technology to improve systems and delivery of services. Applies new tools and equipment; maintains up-to-date knowledge in the use of the technology. Mentors others in the use of tools and technology.
D	<ul style="list-style-type: none"> Evaluates various technologies for relevance and cost-effective implementation in the organization. Constantly keeps in pace with new technology and identifies relevant applications in different areas of the institution. Promotes an environment that encourages learning and use of relevant technology to facilitate information and knowledge sharing and workplace efficiency.

PROJECT MANAGEMENT

CATEGORY:	<ul style="list-style-type: none"> Organizational
COMPETENCY:	<ul style="list-style-type: none"> Project management
DEFINITION:	<ul style="list-style-type: none"> Maps out deliverable output of projects and prioritizes courses of action needed to manage and accomplish projects. Manages and optimizes time towards efficient performance of tasks required in order to achieve set objectives, based on agreed timelines and budgets.

PROFICIENCY LEVEL	EXPECTED BEHAVIOR
A	<ul style="list-style-type: none"> Monitors progress of projects and own commitments, in relation to established standards, guidelines and targets.
B	<ul style="list-style-type: none"> Coordinates with other departments and external parties as required to accomplish given tasks. Provides feedback to superiors on progress of work. Uses project management techniques and tools to accomplish work
C	<ul style="list-style-type: none"> Leads a multi-functional project team. Manages a diverse group of individuals with different personalities and from several disciplines, and ensures their cooperation and effectiveness. Makes complex project decisions regarding timetables and management of resources. Prepares and implements contingency plans for any problem or difficulty.
D	<ul style="list-style-type: none"> Adapts and innovates the project management process to address complex issues. Works collaboratively and seamlessly with other departments on joint projects or undertakings.

Personal Competencies

ACCOUNTABILITY / TRANSPARENCY

CATEGORY:	• Personal
COMPETENCY:	• Accountability / responsibility
DEFINITION:	• Is responsible for results expected and all resources that have been placed under one's care. Is open to sharing results and resources with others.

PROFICIENCY LEVEL	EXPECTED BEHAVIOR
A	• Takes responsibility for own work.
B	• Provides support to others in accomplishing their work. • Takes responsibility for results of the team.
C	• Takes responsibility for results of the institution, and all resources that have been placed under one's responsibility.
D	• Takes responsibility for the welfare of the entire organization. • Promotes transparency with stakeholders. • Willingness to put one's work and institution under the scrutiny of others.

TRUST AND INTEGRITY

CATEGORY:	<ul style="list-style-type: none"> • Personal
COMPETENCY:	<ul style="list-style-type: none"> • Trust and integrity
DEFINITION:	<ul style="list-style-type: none"> • Is true to oneself, recognizing one's own strengths and limitations. Manifests sincerity and honesty in words and actions. Promotes trust and discretion among team members; shows consistency in thought and action.

PROFICIENCY LEVEL	EXPECTED BEHAVIOR
A	<ul style="list-style-type: none"> • Fully accepts and recognizes one's own true capacity and limitations. • Translates commitments into actions.
B	<ul style="list-style-type: none"> • Abides by social, moral, professional and organizational ethics and the organization's values and principles. • Practices transparency and openness to one's ideas and feelings. • Honors confidentiality of sensitive information especially in discussions with clients, documents and confidential matters.
C	<ul style="list-style-type: none"> • Seeks and accepts personal responsibility and accountability for all actions. • Exhibits these values within and outside the organization. • Leads a congruent life (is consistent in thought and action).
D	<ul style="list-style-type: none"> • Promotes a culture that encourages subscription to the highest standards of trust and integrity within the organization. • Builds an image of unquestionable integrity for the institution.

EXCELLENCE

CATEGORY:	<ul style="list-style-type: none">• Personal
COMPETENCY:	<ul style="list-style-type: none">• Excellence
DEFINITION:	<ul style="list-style-type: none">• Commits and subscribes to the highest standard of performance. Signs off on work that is high quality. Makes significant contributions to tasks or projects. Meets expectations.

PROFICIENCY LEVEL	EXPECTED BEHAVIOR
A	<ul style="list-style-type: none">• Always strives to achieve high standards for his/her work.
B	<ul style="list-style-type: none">• Exceeds the standards set or specified by the client and/or supervisor.
C	<ul style="list-style-type: none">• Seeks continuous improvements in the manner in which one does work, and demonstrates increasing ability to respond to the needs of the organization and its clients.
D	<ul style="list-style-type: none">• Defines new standards of excellence.• Promotes a culture of excellence.

TEAMWORK

CATEGORY:	<ul style="list-style-type: none">• Personal
COMPETENCY:	<ul style="list-style-type: none">• Teamwork
DEFINITION:	<ul style="list-style-type: none">• Has a sense of community and of being part of a team. Builds strong relationships within a team, enhancing abilities to achieve work objectives.

PROFICIENCY LEVEL	EXPECTED BEHAVIOR
A	<ul style="list-style-type: none">• Works in a team.
B	<ul style="list-style-type: none">• Builds strong relationships within the team.• Considers others' perspectives and positions. Is willing to adjust and be flexible about one's own views in order to reach consensus and agreement within a team.
C	<ul style="list-style-type: none">• Establishes clear roles and objectives among different units to ensure that each member understands his/her part in the organization and is working toward a common goal.
D	<ul style="list-style-type: none">• Builds a culture of teamwork and synergy towards creating a distinct advantage for the organization.

INNOVATION

CATEGORY:	• Personal
COMPETENCY:	• Innovation
DEFINITION:	• Ability to think creatively and to look for new ways of doing things. Is not confined to the status quo, but seeks to improve or raise the performance bar.

PROFICIENCY LEVEL	EXPECTED BEHAVIOR
A	• Learns new ways of doing things.
B	• Takes initiative to improve existing procedures and processes.
C	• Demonstrates creativity in developing new approaches, products or programs towards building the organization and enhancing services to clients.
D	• Promotes a culture that recognizes and rewards innovation initiative and continuous improvement. • Develops mechanisms to enable staff to pursue their innovative ideas.

HARD WORK AND COMMITMENT

CATEGORY:	<ul style="list-style-type: none"> • Personal
COMPETENCY:	<ul style="list-style-type: none"> • Hard work and commitment
DEFINITION:	<ul style="list-style-type: none"> • Has a strong orientation to pursue all efforts in order to achieve the objectives of the organization. Does not allow oneself to be hindered by any limitation or constraint, but seeks to overcome each of them to ensure that objectives are met. Enables partners or affiliated organizations to achieve their own objectives.

PROFICIENCY LEVEL	EXPECTED BEHAVIOR
A	<ul style="list-style-type: none"> • Willing to exert sufficient effort to accomplish a given task.
B	<ul style="list-style-type: none"> • Pursues all efforts to accomplish tasks and objectives according to agreed timetables and specifications with the end-customers and/or supervisor.
C	<ul style="list-style-type: none"> • Contributes extra effort to overcome barriers or limitations to achieving of objectives and/or meeting the needs of end-customers. • Subordinates personal preferences and comforts in order to serve the client members and their clients.
D	<ul style="list-style-type: none"> • Promotes a culture that encourages total commitment to the organization and the clients it seeks to serve.

Appendix 2: Al Amana Individual Assessment Form

		REQ'D PROFILE	PEER		SELF		GM	
COMPETENCIES		PROFILE	Proficiency	Rating	Proficiency	Rating	Proficiency	Rating
			RATING: 1-AREA FOR DEVT, 2-DEVELOPED, 3-CLEAR STRENGTH					
TECHNICAL COMPETENCIES								
A. Lending Services								
1.	Group Formation	D	D	I	D	3	D	I
2.	Loan Assessment & Approval (peer-based lending)	D	D	I	D	2	D	I
3.	Loan Assessment & Approval (assessment-based lending)	D	D	I	B	3	D	I
4.	Loan Disbursement	D	D	I	C	2	B	2
5.	Portfolio & Risk Management	D	A	I	D	I	A	2
B. Business Development Services								
1.	Consulting	A	A	2	A	2	A	I
C. Research, Product Development & Knowledge Management								
1.	Client Research	A	A	I	A	I	A	I
2.	Environmental Research	A	A	I	A	I	A	I
3.	Product Development & Innovation	B	B	I	B	I	B	I
4.	Knowledge Capture	C	A	2	B	3	C	I
5.	Knowledge Dissemination	C	C	2	C	I	C	I
D. Marketing & Customer Service								
1.	Marketing Strategy Development & Implementation	B	B	2	A	2	B	I
2.	Promotion	C	A	2	B	2	C	I
3.	Customer Service	D	B	I	C	I	D	I
E. Management								
1.	Leadership	C	C	2	C	I	C	3
2.	Organizing	C	B	I	B	3	C	I
3.	Performance Management	C	A	2	B	3	C	2
4.	People Development	C	B	I	C	I	C	2
ORGANIZATIONAL COMPETENCIES								
1.	Integrated Perspective	D	B	2	C	2	D	2
2.	Planning	D	C	I	C	I	D	I
3.	Decision Making & Problem Solving	D	B	2	B	3	D	I
4.	Management of Information	D	B	I	C	2	D	I
5.	Managing Relationships	D	C	2	C	3	D	2
6.	Knowledge of Relevant Technology	B	B	2	B	I	B	2
7.	Project Management	D	A	3	B	3	D	2
PERSONAL COMPETENCIES								
1.	Accountability	D	D	2	D	2	D	3
2.	Trust & Integrity	D	D	2	D	2	D	3
3.	Excellence	D	C	I	C	3	D	I
4.	Teamwork	D	D	2	C	3	D	2
5.	Innovation	D	B	2	B	3	D	I
6.	Hard work and commitment	D	D	3	D	3	D	3

Appendix 3: FWVB (Friends of Women’s World Banking) Sample Job Profile

SAMPLE JOB PROFILE			
REGIONAL MANAGER			
	COMPETENCIES	REQ'D PROFILE	DESCRIPTION
I.	TECHNICAL		
A.	FINANCIAL SERVICES		
	Credit Delivery	D	<ul style="list-style-type: none"> Ensures proper control mechanisms toward consistent implementation of the procedure across all regions and clients. Defines policies on credit and establishes systems and procedures that will implement said policies.
	Portfolio & Risk Management	D	<ul style="list-style-type: none"> Ensures development and conformance to policies on portfolio quality and risk levels. Ensures the organization undertakes all necessary measures to bring all partner organizations to the desired portfolio quality.
B.	INSTITUTIONAL BUILDING		
	Institutional Assessment & Performance Monitoring	D	<ul style="list-style-type: none"> Establishes policies and procedures for institutional assessment. Ensures consistent adherence to established procedures and standards for institutional assessment across all regions and clients. Makes value judgments about an organization’s potential to succeed and grow to the highest level.
	Financial Analysis	D	<ul style="list-style-type: none"> Provides advice to partner organizations on maintaining high portfolio quality. Monitors receivables and overdue accounts/approves based on limit. Devises and implements recovery strategies.
	Institution Specific Assistance	C	<ul style="list-style-type: none"> Draws valid and in-depth conclusions about the organization and its financial performance through the application of financial analysis and evaluation methods or models. Coaches others in the use of financial ratios.
	Risk / Environmental Analysis	D	<ul style="list-style-type: none"> Defines the various factors that affect the risk level of an institution, and given these factors assesses whether or not to invest in the institution.
C.	MARKET DEVELOPMENT		
	Market Research	C	<ul style="list-style-type: none"> Defines the kind of research activities and projects that need to be undertaken to provide the organization with the relevant information to base its strategies on. Synthesizes and integrates various research findings to arrive at trends and conclusions that will serve as basis for management actions and decisions. Evaluates quality of performance of various research agencies being employed by the organization. Directs the market research/survey that will generate market information relevant to the formulation/revision of marketing plans and strategies.
	Product Development / Innovation	C	<ul style="list-style-type: none"> Designs/develops new products and processes that will address the requirements of clients. Applies developments in technology or brings in new developments in technology in order to make product innovations or improvements.

SAMPLE JOB PROFILE			
REGIONAL MANAGER			
	COMPETENCIES	REQ'D PROFILE	DESCRIPTION
D.	FINANCE		
	Budget & Budget Control	C	<ul style="list-style-type: none"> • Develops budgets and financial projections for multiple projects. • Integrates budgets of different departments. • Prepares budget reports and variance analysis. • Is responsible for unit/department's budget and understands financial implications of actions. • Generates critical assumptions for planning and budget purposes. • Develops budget systems and procedures, and coaches other units in the preparation of their budgets.
	Financial Management	C	<ul style="list-style-type: none"> • Analyzes sources and uses of funds and prepares cash flow reports and cash flow projections based on these analyses. • Negotiates best rates on investments and identifies various options that would maximize income for the organization. • Determines with accuracy the fair market value of properties. • Sources and validates relevant information to determine property valuation.
E.	POLICY ADVOCACY		
	Political Savviness	D	<ul style="list-style-type: none"> • Understands the relationship dynamics and interplay of forces amongst the key players.
	Knowledge of Regulatory Environment	C	<ul style="list-style-type: none"> • Has complete understanding and know-how of the various regulatory provisions affecting the microfinance sector and related sectors. • Monitor new developments in regulatory provisions and anticipates implications for the institution and the sector.
F.	MANAGEMENT		
	Leadership	C	<ul style="list-style-type: none"> • Influences groups or organizations not under one's authority toward supporting a common objective.
	Organizing	C	<ul style="list-style-type: none"> • Defines and groups the work to be accomplished by an organization and determines and assigns each organizational unit to the proper talent or leader. • Views the organization in relation to other institutions in the sector and related industries.
	Performance Management	C	<ul style="list-style-type: none"> • Determines the performance measures and standards that will be used in evaluating the performance of the organization. • Monitors and evaluates the performance of the various units and takes corrective actions that will ensure the organization as a whole achieves its objectives.

SAMPLE JOB PROFILE			
REGIONAL MANAGER			
	COMPETENCIES	REQ'D PROFILE	DESCRIPTION
II.	ORGANIZATIONAL		
	Planning	C	<ul style="list-style-type: none"> Prepares plans for multiple projects or a whole system with several components. Monitors scope of work of self and team to meet set objectives. Creates a participative work environment where task members understand individual roles and targets to meet their goals.
	Decision Making & Problem Solving	C	<ul style="list-style-type: none"> Selects and uses problem-solving and decision-making techniques and processes in approaching and solving complex problems. Uses in-depth research tools and information systems to analyze problems and identify solutions. Mentors others and demonstrates skill in problem solving. Anticipates potential problems and issues and takes appropriate preventive action. Ensures implementation of decisions through active and constant monitoring of status and progress; identifies critical checkpoints and decides on changes/ revisions needed to ensure achievement of the goals. Empowers others to make decisions for themselves. Influences others to make appropriate decisions.
	Managing Relationships	C	<ul style="list-style-type: none"> Forges and builds relationships based on mutual trust and respect with various levels of the organization and with external, critical stakeholders of the organization. Manages conflicting issues among various stakeholders in order to reach agreements and common objectives. Develops and maintains a "win-win" approach to dealings with colleagues, subordinates, superiors and clients.
	Client Service Orientation	D	<ul style="list-style-type: none"> Serves as "customer delight" role model for the whole organization. Personally addresses high-risk, high-profile issues and concerns. Develops and implements customer satisfaction measurements and performance quality reviews. Creates mechanisms for securing client feedback and ensures immediate response to these concerns. Formulates customer service policies and procedures aligned with the organization's objectives.
III.	PERSONAL		
	Accountability/ Transparency	D	<ul style="list-style-type: none"> Takes responsibility for the welfare of the entire organization. Promotes transparency with stakeholders. Is willing to put one's work and institution under the scrutiny of others.
	Trust & Integrity	D	<ul style="list-style-type: none"> Promotes a culture that encourages subscription to the highest standards of trust and integrity within the organization. Builds an image of unquestionable integrity for the institution.
	Excellence	D	<ul style="list-style-type: none"> Seeks to define new standards of excellence. Promotes a culture of excellence.
	Teamwork	D	<ul style="list-style-type: none"> Builds a culture of teamwork and synergy in order to create a distinct advantage for the organization.
	Versatility	D	<ul style="list-style-type: none"> Promotes a culture that encourages team members to go beyond their normal duties and responsibilities in order to help achieve the overall unit's objectives.
	Innovation	D	<ul style="list-style-type: none"> Promotes a culture that recognizes and rewards innovation initiatives and continuous improvement. Develops mechanisms to enable staff to pursue their innovative ideas.
	Hard Work & Commitment	D	<ul style="list-style-type: none"> Promotes a culture that encourages total commitment to the organization and the clients it seeks to serve.

Notes

1. David Ulrich and Dale Lake, *Organizational Capability, Competing from the Inside*. John Wiley and Sons, 1990.
2. Ibid.
3. C.K. Prahalad and Gary Hamel, *The Core Competence of the Corporation*. Harvard Business Review, 1990.
4. Kim Pityn and Jennifer Helmuth, "Human Resource Management Course, MEDA 2003," as published in the *Microbanking Bulletin*, No. 7, January 2006.
5. WWB network members believe that the actions and results of each network member and the global team affect the entire WWB network. WWB network members use the principle of mutual accountability for results to drive performance excellence and impact.
6. The Balanced Scorecard (BSC) is a framework for strategy implementation and performance management that looks at results not just from the financial perspective but from the four perspectives of Financial, Customer, Internal Processes and Learning and Growth.
7. WWB network members currently employing the Balanced Scorecard as a framework for strategy implementation include: Negros Women for Tomorrow Foundation (Philippines), MicroFund for Women (Jordan), FWWB (Cali, Colombia).
8. A strategy map is a visual simplification of a strategic plan, showing the cause and effect relationships of objectives as well as stakeholders.
9. At NWTf, the process of developing competency models, building job profiles and conducting baseline assessments for all incumbents (297 employees) was conducted over a period of 14 months.
10. Based on research done by IRS Business Intelligence and published on the Competency and Emotional Intelligence website: <http://competencyandei.com>.
11. Gene Dalton and Paul Thompson, *Strategies for Career Management*. Novations Group, 1993. Pg. 8.
12. 360 degree feedback or multi-source feedback is the process of obtaining feedback from the employee's circle of internal and/or external customers. This will include his/her supervisor, peers, subordinates and direct reports as well as external customers.
13. *Knowing When to Outsource*. Rutherford Publishing, Inc., 2000. As published at: <http://www.businessknowhow.com>.
14. A gap of 3 or more was considered to be significant, as this equates to one full level of proficiency.
15. Adapted from *Core Competency Development Guide*. Ottawa, Conference Board of Canada, Employability Skills Profile, 1997. Pgs. 60-62.

“In today’s rapidly changing environment, microfinance institutions are faced with a new challenge: how to build and measure organizational capability to support their growth and/or change strategies. . . The competency framework provides a way for institutions to build the organizational capability necessary to implement their business strategies for the future.”

