

ADRA Peru: Recruiting and selecting mission-driven staff¹



BACKGROUND

The Adventist Agency for Development and Assistance Resources (ADRA) is one of the largest nongovernmental aid organisations in the world, present in over 120 countries, focused primarily on long-term sustainable development projects. It has worked in Peru since 1965, promoting integral development based on Christian values, and working across ethical, political or religious boundaries. It is dedicated to projects that benefit populations in poverty, extreme poverty or at high social risk. It collaborates with four strategic development allies: i) Public Institutions ii) Private Institutions iii) International Technical Cooperation and iv) Civil Society. ADRA's projects are aligned with the Millennium Development Goals (MDGs).

ADRA's Peru Microfinance Project uses a Community Banking methodology. This model combines communal loans with education to promote the integral development of clients in terms of family and community life, economic independence as well as improved savings habits. The Community Banks Programme was launched in 1997 in Lima and Cusco, and extended in 2000 its operations to the cities of Arequipa and Juliaca. By 2002 it had expanded nationwide. Currently ADRA serves more than 17,000 female clients through its Communal Associations, with 12% of clients in rural areas and the rest in peri-urban and urban areas.

ADRA's clear social mission is based on its Christian values: to "contribute to integral development of vulnerable entrepreneurs with limited resources in

marginalised urban and rural zones of the country, by providing microfinance solutions and education while instilling values through responsible actions."

ADRA has engaged in improving its social performance management since 2005, when it began an internal reflection dialogue around the social role of microfinance. Since then, it has participated in the MISION Project and started implementing the Universal Standards for SPM. In 2009, a spike in staff turnover (to 29%) led to the realisation that ADRA needed to improve its staff recruitment and selection procedures, and formalize its HR management system — especially to improve its social responsibility to staff. Its work relates to Standard 2d of the Universal Standards:

Dimension 2: "Ensure Board, Management, and Employee Commitment to Social Goals."

Standard 2d: "Employees are recruited, evaluated, and recognized based on both social and financial performance criteria"

Table 1: Key performance indicators

Area/year	2011	2012	2013
Female loan clients	16,688	16,654	17,039
Loan portfolio (K PEN)	16,430	16,532	17,436
Savings (K PEN) ⁴	9,674	10,509	11,518
PAR>30	0.04%	0.19%	0.0%
Outreach to women (%)	99.32	99.29	99.04
Rural outreach (%)	11.03%	12%	-
Staff	85	89	89
Staff turnover (%)	21.0	23.6	23.9

Box 1: The Social Performance Fund³

The Social Performance (SP) Fund for Networks is designed to mainstream the new Universal Standards for Social Performance Management. The SP Fund works with 10 networks that run 18-month projects to document learning and experience around innovative solutions to implementing the essential practices of the Universal Standards. They also support their members to reach full or partial compliance with one or more dimensions of the Universal Standards. Supported by the Ford Foundation, the Fund is managed by the Microfinance Centre (MFC), a microfinance resource center and network serving the Europe and Central Asia region and beyond.

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²The Universal Standards are a set of management standards that apply to all MFIs pursuing a double bottom line. Learn more at www.sptf.info/spmstandards/universal-standards

³For more information visit www.mfc.org.pl/en/content/social-performance-fund

⁴As an NGO, ADRA does not collect savings, it does however promote saving habits. These funds are deposited in banking accounts which belong to Communal Associations' clients.

Essential practice 2d1: “Employee job candidates are screened for their commitment to the institution’s social goals, and their ability to carry out social performance related job responsibilities, when applicable.”

ADRA’s human resource management system includes: recruitment and selection of candidates, induction programme, training plan, human resources motivation plan, and staff evaluation. This document describes the initial phase, i.e. the recruitment and selection process of persons who apply for jobs in the Microfinance Project. This case study describes the development and implementation processes, and considers how well the system aligns with the Universal Standards promoted by the SPTF. The case study has been written with a specific audience in mind: microfinance providers that seek to improve their human resource management systems to better support their social mission.

SOLUTION DETAILS

ADRA PMP’s staff recruitment and selection process aims to:

- Be in line with the Universal Standards for SPM
- Minimise the risks related to staff selection
- Identify staff that share ADRA’s philosophy and are dedicated to its social mission
- Contribute to decreased staff turnover

Depending on the position to be filled, the process is supervised by the Human Resources team, the officer responsible for the specific branch, the psychologist, and also the Microfinance Project Manager, technical officers and the person who will become the line manager of the candidate.

In order to improve the selection process, ADRA reviews it at least annually, adjusting it when necessary.

Management organises feedback meetings for the team to discuss strengths and weaknesses of the process.

To design the staff recruitment and selection process, ADRA carried out exhaustive research on competency-based management, and created profiles of positions to answer the following question: “What are the factors that help to or prevent persons from performing highly in an institution?”

The implementation of the process took 4 months and involved the Head of PMP, a member of field staff, an administrative assistant and an operations assistant. Each of the positions has its own Competence Dictionary (see **Annex 1**). The creation of the dictionaries required:⁶

- Information-gathering through interviews and focus groups with staff
- Training for management and staff on the process concept and methodology
- Modelling positions through behavioural-based interviews, investigating best practices for managing and conducting the functions and responsibilities of each position
- Defining the competences for each position by describing their minimum and maximum ranges and levels
- Field validation carried out by staff

Recruitment of Candidates

ADRA initiates a standardized recruitment process when hiring new staff in response either to employees’ leaving, internal changes, or programme growth. This first level is organised by the central headquarters, with the support of relevant branches managers.

Table 2: Level of effort required

Position	Short description of the role	Time/month
Microfinance Project Manager	Approves proposed staff increases, approves selection process programme, participates in evaluation committee, ⁵ submits staff applications to hiring committee	15%
Human Resources Coordinator	Prepares selection processes, participates in evaluation committee, reviews knowledge tests, submits applications to management, contract preparation, ⁵ selection process report	30%
Head of Agency	Issues job advert, filters CVs according to job profile, participates in evaluation committee, contract delivery ⁵	25%
Psychologist	Prepares job advert, coordinates logistics, administers and evaluates psychological tests, prepares occupational-psychological report	30%

⁵ Depends on the job position in question

⁶ COPEME and Mission Project: Modelo de Gestión por Competencias para IMFs. Learn more at www.copeme.org.pe

Issuing job adverts

The recruitment process begins by dissemination of job advert in the local area through:

- ADRA Peru’s social media networks
- Corporate Adventist Network (educational, entrepreneurial or health-related)
- Local media (press and radio)
- Advertisements addressed to the general public.

The maximum estimated time of dissemination of the job advert is 15-25 days.

Curriculum vitae review

Potential candidates are screened based on their CVs in the first instance, which allows ADRA to accept or discard candidates by comparing their profile to the specifications of the job advert. Later, they are evaluated in line with the competency-based system, in line with the position to be filled, and additionally in terms of the values promoted by the institution i.e. commitment and dedication to service. The dictionary defines these values as:

- **Commitment:** Ability to assume the mission and the goals of the organisation as one's own. Implies a responsible, decisive and firm attitude to contributing ideas and actions that help to overcome obstacles which interfere with reaching the institution’s goals and objectives.
- **Dedication to service:** Implies a desire or a dedication to aid and serve, understand and satisfy the needs of others. This competence reflects an attitude that is sensitive to the needs and requirements of others. Implies an ability to orient specific actions to address the needs of others.

After screening CVs, each candidate’s references are verified to corroborate the data and investigate reasons for leaving the company, any possible personal conflicts, general performance, the values the candidate represented, and their strengths and weaknesses.

Candidate selection

As the selection process is carried out at branch level, the HR team (consisting of the Human Resources Coordinator and the Psychologist) travels to each branch and involves the Branch Manager in the process.

A competency-based interview model verifies not only technical skills and behaviours, but also personal ones (see **Annex 2**), through behaviour-related questions used

Figure 1: Sample job advert

RECRUITMENT CALL

WE WILL HIRE 3 SERVICE CONSULTANTS TO WORK IN THE CITY OF LIMA

ADRA
CODE BC-ASSE-08

RESPONSIBILITIES:
Administration, control and monitoring of assigned portfolios, providing training services for clients in various fields.

REQUIREMENTS:

- Professional experience in accountancy or administration, economy, agronomy, sociology or similar
- Experience in financial institutions is an additional asset
- Knowledge of Microsoft Office
- Experience in sales is an additional asset

SKILLS:

- Service orientation
- Efficient communication
- Results orientation
- Stress resistance
- Dynamic and lively attitude

WE OFFER:

- Become a part of one of the most prestigious NGOs in Peru and in the world that operates in 125 countries.
- Employment with all the legal benefits
- Competitive wages
- Professional development trainings
- Pleasant work atmosphere

EVALUATION PHASES	DATES
Deadline for CV submission	6 th of September
Group Interview	9 th of September
Psycho-technical Evaluation	9 th of September

"Become a part of our growth and services culture"

Interested candidates are asked to send their CVs to the following e-mail addresses. Please include BC-ASSE-08 in the subject.

ana.beltran@adra.org.pe Ana Beltrán
 jhanna@adra.org.pe Johanna Cabrera

www.adra.org.pe/712-7799

during a personal interview, such as:

- **Commitment:** Please tell me about a project that you have participated in and became very involved in. What was your role?
- **Service orientation:** Please tell me about a situation when you had to address a need of a client/co-worker.

Depending on the answers the candidate gives, other questions follow. The answers to these questions are evaluated qualitatively, verifying whether responses prove a desired behaviour, and are corroborated against the results of psychological evaluation, for a final decision.

All staff that involved are trained in competency-based interviews,⁷ which equips them with skills necessary, e.g. body language interpretation, types of response, etc.

Apart from the mentioned competences, new staff are expected to follow common values, described as generic competences, i.e.: Dedication to service, teamwork, commitment, integrity, ethics, results-orientation, proactivity, efficient communication, professional and technical mastery. Group dynamics are most closely observed, as they may indicate how the candidate will interact with clients, knowing that they lack education, or are illiterate and live in rural or poverty-stricken areas. A field test also verifies the type of language the candidate uses and the attitude they present when addressing clients.

In this system, the staff selection process is divided into 3 phases:

- **Group Evaluation:** behavior in group is evaluated.

- Individual Evaluation: Competency-based Interview and psychological tests, evaluation of technical knowledge, professional experience, position-related competences and psychological traits.
- Field Test, in-situ skills evaluation.

The evaluation process for administrative and field staff is presented below:

Administrative Staff

PHASE I:

Group evaluation: Group discussions stimulate interactions between the candidates which allows ADRA to evaluate candidates' competences from the very start of the selection process. There is no professional content – the idea is to get to know the candidates and the way they act in a group. Conversation subjects include: personal information, skills, areas for improvement, and personal hobbies.

Written evaluation: A written exam evaluates basic knowledge relevant to the position, in order to verify a candidate's professional expertise.

PHASE II:

Personal interview: A semi-structured interview enables ADRA to evaluate the competences required for the position, including a candidate's professional experience, knowledge and expectations. It is led by a Human Resources Officer, the line manager and the psychologist. It is based on a survey described in the annexes and its objective is not just to verify the content of a candidate's CV but also to corroborate the key position-related competences, through asking questions such as:

"Please tell me about a situation when your skills of dealing with a client were put to the test, or you had some other problem with a client" or "Please tell me about a situation where your leadership skills were put to the test". Additionally, the interview assesses a candidate's conduct, adaptability and motivation to work.

Psychological examinations:⁸ Led by the psychologist, the examination includes a series of psychological tests that assess the candidate's personality and internal resources to tackle the situations they will face if selected. It also measures social skills necessary for the position. The psychological tests are: personality test, intelligence test, behavior test.

Field staff

PHASE I:

Group exercises: This part enables ADRA to evaluate the candidate's personality (there is no professional content). The guided discussions, led by an HR Officer, help to evaluate a candidate's behavior, their reasoning abilities, communication skills and style, areas for improvement and personal hobbies.

This is done through a group-based case-study task, which allows ADRA to observe and evaluate the quality of each candidate's interpersonal skills, judgement, leadership, initiative, teamwork, and problem-solving. This phase also uses role-play exercises (e.g. a typical scenario that occurs at Communal Associations), enacted by branch staff. This may include: a client's refusal to join the board of directors of a community bank, client arrears problems, or typical problems in a communal association (e.g. poor coordination/organization). This allows ADRA to evaluate each candidate's capacity to lead a group, their judgement, communication, group management, problem-solving, service orientation, creativity, and skills of persuasion.

Written evaluation: Evaluates basic microfinance knowledge and judgement. As candidate successfully complete each phase and pass to the next, they are provided the date and time of the next interview.

PHASE II:

Personal Interview: carried out by the Human Resources Coordinator, psychologist and Branch Manager. This consists of a semi-structured interview to evaluate whether the candidate possesses the competences required, including professional experience, knowledge, expectations and experiences.

The candidate is given questions related to their judgement and dealing with clients, such as: "What will you do if a client does not pay you?" "How would you act if a client raised their voice?" Or: "What would you do if you saw your colleague with a large amount of cash in their hand?" Additionally, their conduct, adaptability and motivation to work are assessed.

Psychological examinations: These tests reveal a candidate's personality and internal resources that they will have at their disposal if selected. This part is carried out by the psychologist.

PHASE III:

Field test: examines the candidate in an in-situ experience, to help them understand the reality of the job, and give ADRA the opportunity to verify the identified competences and candidate's potential for professional development. This phase is supervised by a field officer, and lasts one week.

FINAL PHASE:

After selecting and accepting the candidate, a descriptive report from the entire selection process is delivered to management (see **Annex 3**) containing the final results. The candidate then undergoes the induction process and receives a written job description and a contract.

At the branch, the Branch Manager oversees the induction, firstly through an institutional, case-specific presentation (see Annex 4) and secondly, by presenting the new staff member to their colleagues.

In case of administrative staff, the induction lasts one week. For field staff this period lasts 3 months, and includes field work and mentoring by an experienced member of staff. The candidates are introduced to the code of ethics, internal procedures, and functions.

PROBLEMS AND SOLUTIONS

In developing and implementing this system, ADRA has tackled a number of problems, including:

- The initiative to create a new human resource department and professionalise its approach to work created changes that initially caused insecurity among staff, who thought that they would be subjected to evaluation or be dismissed. This was overcome by means of transparent and direct communication, supportive leadership by management, and an attentive technical team, who was ready to respond to the anxiety of staff and discuss the rationale for the process.
- Prioritising this activity is challenging in the face of the pressure of day-to-day operations, which affects the time invested in issuing job adverts, reviewing CVs and carrying out interviews. Teamwork is crucial to enable staff to carry out all of their duties.
- Initially, the ADRA team aimed to follow each step exactly each time, but came to understand that the whole process should be the subject of continual improvement. In this way, the value of setting out these steps in the first place was simply to give them a concrete starting point.

LESSONS LEARNED

The process described in this case has given ADRA an opportunity to gain experience that contributed to good practice in Human Resources management. These lessons benefit other MFIs who wish to introduce a human resources management system:

- Starting by analysing the mission proved to be crucial for ADRA, as it enabled the entire staff to clearly identify its social goals, the guidelines and the policies that related to its mission. This was made possible by having in place a proper composition of staff that understood the values of the institution.
- A properly selected staff, which is treated responsibly and transparently, not only will ensure good client service but also a positive working atmosphere within the organisation.
- A reorganisation process that includes staff management system, combined with internal commitment for continuous improvement, such as following the Universal Standards for Social Performance Management or introducing new strategies and systems, is fundamental for confronting crisis situations in a holistic way.
- Working in a committed team, with management that offers serious and broad leadership, allows the processes and procedures required for the staff selection to be fulfilled – not only because they are imposed as a directive, but out of a conviction that human resources are a crucial element for an organisation whose primary objective is serving vulnerable or underprivileged clients.
- Having an integrated human resources system, which offers clear processes of staff recruitment and selection – and periodical monitoring and evaluation of the said process – aids in the comprehensive management of the institution.
- ADRA has learned that the implementation of a new management system is progressive, and once it is initiated, it is important to monitor and evaluate it systematically to improve it over time, even though this requires time and effort.