

VISIONFUND INTERNATIONAL RECRUITS LOCAL LOAN OFFICERS USING OUTREACH EVENTS

VisionFund International (VF) employs more than 7,000 people in its network (as of 2017), about half of which are loan officers (LOs). With LO turnover of around 20% a year, and annual growth targets of around 30%, VF hires hundreds of new LOs each year across its 31 MFIs. In the past, VF approached LO hiring in a traditional way— hiring one LO at a time, based on the current needs of a branch. Now, the network uses a new method: holding mass recruitment events and training “volunteer” LOs in order to create a pipeline of fully trained LOs ready to fill open positions or expand into new areas of operation as soon as they are needed.

The ideal loan officer

VF has found that employee retention starts with hiring the right people. VF hires local people, since LOs who come from the clients’ own communities are best able to identify, recruit, and work with VF’s target clients. Unlike many providers who place a lot of emphasis on an applicant’s formal education, VF has found that higher education is not among the top attributes that make a good LO. Instead, they value the following characteristics: numeracy and literacy sufficient to complete the loan assessment and application forms; knowledge and language of the local area; dedication, tenacity, and commitment to microfinance; interpersonal and sales skills; willingness and ability to work in the field; and commitment to VF values.

Recruitment events

VF trains MFIs to hold recruitment events, the backbone of their LO hiring process. An MFI who wants to hire new LOs advertises an “assessment day,” providing a specific time and a place (typically a Saturday morning at a local primary school). There are no other requirements in advance, such as an application form. The recruitment posters feature a photo of VF’s “ideal” LO: a local woman who looks old enough to have grown children, wearing clothes and shoes appropriate for riding a motorcycle and walking through fields, standing next to a motorcycle, and holding a helmet, with a caption along the lines of, “They offered me training, and I offered them life experience.” This slogan refers to VF’s belief that life experiences such as raising children, trading in the market, or being a church leader can create abilities well-suited to managing clients.

A key principle of the assessment day is that the MFI is not looking for a fixed number of recruits; the branch can take on as many recruits as the senior LOs can manage to mentor. On the assessment day itself, it is possible for hundreds of people to turn up far in advance of the clearly stated starting time. At the appointed start time, the gates are locked; any late arrivals are not admitted, because LOs must be punctual.

Once a brief introduction and welcome is delivered by the Branch Manager, all applicants participate in a fun, competitive ball game. This relaxes the applicants before the first assessment exercise, which is a numeracy test. This test comes first, because it is a critical skill for LOs, but the difficulty level is set to equate to the numeracy required of LOs and no higher. Applicants may use calculators, as LOs do in the field. Typically, 80% of applicants fail the numeracy test, which is marked immediately, and those who have not passed are thanked for attending but asked to leave. At every stage, the MFI team is polite to all applicants: even those who fail should walk away feeling valued and respected.

Next, the MFI delivers a literacy test, which is based heavily on the MFI’s loan application form. It is also marked pass or fail immediately—typically another 15% of those remaining do not pass this stage because they did not follow directions or cannot write a comprehensible paragraph. After the literacy test, the remaining applicants participate in a team game (creating something made from cooking foil) with the applicants closely observed for skills such as leadership, contribution, creativity, etc. Though they are being evaluated, no one fails this exercise.

Each applicant then delivers an individual two-minute presentation on something they know about (growing maize, for example) to a team of staff who immediately mark it pass or fail, based on the potential of the candidate to speak in public and promote the MFI to community groups and clients. The remaining applicants, typically 10-15% of those who started the day—are formally interviewed by a team of three MFI staff. This interview lasts only 15 minutes, and the questions are fixed beforehand, chosen from carefully worded questions. At the end of the interview, the interviewing team recommends the applicant be accepted or not accepted as a trainee. The Branch Manager has the final decision. About 10% of the original applicants are accepted as trainees.

The whole assessment day from start to finish takes about five hours, and no matter who is involved or where it takes place, VF reports that it is a very inexpensive and efficient way of recruiting trainees from the local community.

Creating a pool of LOs ready to work when needed

A new recruit's three-month training period is spent in the branch, shadowing a senior LO. The Trainee is a volunteer; the MFI pays expenses but not a salary. The Trainee has a Learning Book where s/he writes what s/he has learned, demonstrating his/her progress. The senior LO ("mentor") is guided by a Learning Book Plus, which sets out what the Trainee must be taught and must master over the course of the next three months. The Branch Manager is accountable for the effectiveness of the training, and s/he provides periodic progress reports. Once the Trainee completes the Learning Book and the Branch Manager is satisfied s/he is ready to take on her own clients, s/he then must pass the formal classroom-based training on the MFI Credit Manual. Having passed the Credit Manual training, the Trainee is offered a contract, receives a salary, and can start to create his/her own portfolio of clients.

Because new hires work on a volunteer basis for the first three months, they can be let go if they do not achieve their learning objectives. The Trainees are a pipeline of available staff that the MFI can call on when a need arises. They are well-prepared to build their own portfolios of clients as soon as their training period is complete.

Benefits for clients, staff, and the MFI

VF believes that many clients would prefer to work with an LO from their own geographic area and walk of life. However, many would-be LOs do not believe they have the skills and experience necessary to serve their communities in this capacity. Part of the VF method is to show recruits that their life skills are highly valuable, which is empowering and validating.

VF's former method for hiring LOs did not involve the Branch Manager or senior LOs at the branch level. However, the new method makes these individuals solely responsible for sourcing recruits, running the assessment day, conducting interviews, and selecting candidates. They are also responsible for training and evaluating Trainees. Without exception, VF has found that branch staff increase their professionalism during the process and develop new leadership and managerial skills.

VF Philippines (VFP) was the first MFI to put the new method into operation. Around 85 people came to the assessment day, nine were selected as volunteer Trainees, and six qualified as LOs. Two of the six were female overseas domestic workers before joining, and the other woman worked in a call center. Two of the three men were fishermen, and the other had worked in a warehouse. The average 1-day PAR for all VFP LOs is 2.2%, and the average number of clients managed by an LO is 197. Amongst these six LOs, PAR is less than 1%, and they have on average 244 clients each.