

Creative And Innovative HR Practices By The Microfinance Entrepreneurs

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Abstract

Microfinance institutions (MFI) are making their presence, strongly felt in providing financial assistance to the poor. Similar to the organizational structure in any financial institution, microfinance institutions also have a set of employees at different levels such as managers, agents and clients, which in this case are poor people who need loan and support. Therefore, it is important that the standard practices followed in established institutions are followed in MFIs. In this research, we study the existing HR practices in MFIs and suggest the innovative and better model that can improve the functioning of MFIs. A semi-structured questionnaire, concerning the current and expected ideal HR practices is used to collect responses over a period of time from 190 participants, including 30 HR managers, 60 employees and 100 clients of different MFIs in Uttar Pradesh and Bihar. The responses were used to study the practices followed by the MFIs regarding recruitment, training, motivation, employee attrition were studied. The analysis showed that human resource practices need to inculcate value chain support, innovative training and education for clients and employees, and tracking poverty exodus by means of poverty index. We also make some recommendations about the human resource management practices for both employees, managers and clients that can contribute towards establishing successful micro enterprises, thereby improving the functioning of MFIs and helping its clients.

Introduction

India is home to a growing and innovative sector of microfinance. With a large portion of the world's poor, India is likely to have a large potential demand for microfinance. For this reason, it makes sense to consider the changing face of microfinance. In India, as of March 2013, Microfinance Institutions Network (MFIN) members had 24.44 million clients, who are not unique and have an overlap between the MFIs and there is 22% increase of clients reported over financial year 2011-12. Micro finance has been realized as a mechanism for alleviation of poverty in the past few years. Basically started with prime intention to rid the clients from high interest rates of local moneylenders, micro finance is now proving to be a revolution in terms of poverty alleviation through remittance, savings and insurance. A global phenomenon, which is proving it's worth world wide, has around three thousand

Micro Finance Institutions (MFI) working, but with its own set of challenges like uncertainty and drain out.

Human resource (HR) is a critical measure responsible for streamlined growth and functioning of organizations in all industries. But somehow, human resource of microfinance is taken for granted will be easy to recruit, train and develop. The bad governance of many microfinance institutions in the last ten years showed that microfinance does need specific human resource management as they have distinctive characteristics, like to serve the poor with customized method and paradox values that they have to understand the situation of the poor along with maintaining discipline. Human resource development challenges in an MFI are not all that different from those of other companies; however, working with populations at the bottom of the pyramid, particularly in country with