

HOW TO ALIGN THE HR FUNCTION AND BUSINESS STRATEGY FOR ORGANISATIONAL SUCCESS

LESSONS LEARNED FROM THE e-MFP HR AG'S SURVEY AND VOICES FROM THE FIELD

Webinar on 6 September, 3pm CEST










Isabelle Katthagen
ADG.

Dr. Elisabeth Niendorf
ADG

Manuchar Chitaishvili
Crystal Georgia

Hugues Bonshe
Baobab Madagascar

BRIEF FOR e-MFP HR ACTION GROUP WEBINAR 1

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Prepared by Cara S. Forster

SPEAKERS

Isabele Katthagen, Director ADG International, ADG (Germany)

Elisabeth Niendorf, Project Manager, ADG (Germany)

Hugues Bonshe, CEO of Baobab Madagascar (Madagascar)

Manuchar Chitaishvili, Chief Marketing and Innovation Officer at Crystal (Georgia)

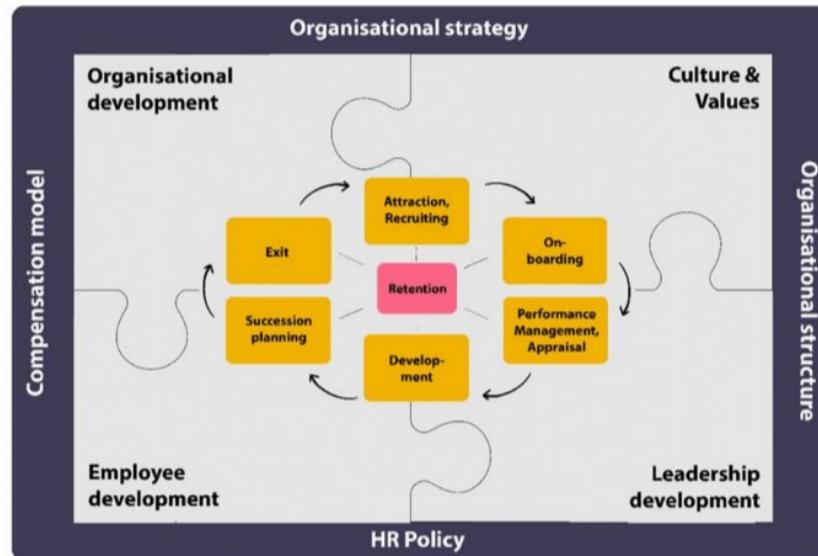
SUMMARY

The webinar began with **Isabelle Katthagen**, Team Director at ADG, explaining the difference between administrative HR and strategic HR. Administrative HR is a more traditional view of the HR function, which confines the department to tasks such as hiring, contracts, payroll, and performance evaluations. On the other hand, strategic HR provides for a role of talent management, supporting managers in developing teams, promoting organizational culture, and partnering with leadership on strategy.

Elisabeth Niendorf, Project Manager at ADG, offered a practical recommendation for those institutions looking to improve their HR practices, which included a three-step process:

- 1) Vision board – blue sky thinking about where the organization would like to be in 10 years

Strategic HR



Note: See ADG Handout in Resources below for graph explanation

- 2) Action Plan – define the culture, people, mindset etc. that will be necessary to make the selected vision a reality
- 3) HR Roadmap – outline how to attract and retain talent and create a culture that promotes success.

VOICES FROM THE FIELD

Hugues Bonshe (Baobab Madagascar):

- Baobab began two years ago to change its thinking about HR and we went from a focus on business growth to a focus on people, which we began to understand as our human capital. To bring the HR function in line with the business strategy we have defined all the strategy around people and competencies to describe what we have and what we will need to achieve the strategy. We call this strategy Road to 2025 and it defines how we will select the right people, define the necessary competencies, build institutional culture, and invest in our staff. This Roadmap was designed based on a survey of ALL the staff.
- We changed from a focus on short term goals to a customer focus. The hardest part of the change was for our middle managers because they have to straddle the operational and strategic functions and yet not be entirely one or the other. We invested in them with training and certificates to build their competencies.
- Technology is key to modernizing, but the mindset shift is crucial too; you can't just add technology to your processes and continue with business as usual. For us, this mindset shift was necessary before we could move to the next level. The staff has to understand WHY we are changing, and they have to buy into the change. The mindset shift was hardest for those with many years already at the organization. However, when in doubt during periods of change, we go back to the mission.
- For our staff we have found they value a safe work environment and for them this means an environment that is consistent, stable, and invests in its people. We allow failure and support our staff to grow in their positions and their competencies.

Manuchar Chitaishvili (Crystal, Georgia):

- I have been at Crystal for more than 10 years and I have seen the change in the HR function there. It began as administrative and has become more strategic. Digitalization made everything happen faster – processes had to speed up and new skills were needed to forecast the business’ needs in a changing world. We view ourselves as a development platform for our people – both clients and staff, and there are still lots of ways we can improve.
- Digitalization requires IT professionals and the people with those skills are not usually loyal to the brand or the company – they like challenges and change and so it is harder to retain them. To retain our IT staff and build loyalty among them, we offer them challenges, competitions, and special projects, so they don’t get bored, and they are helping us innovate.

RESOURCES

1. Handout from ADG on the topic: [ADG Strategic HR](#)
2. The report summarizing the results of the global HR survey (2021): [Human Resource Development Practices in the Microfinance Sector](#)
3. Webpage for the e-MFP’s HR Action Group with links to the materials from all the webinars in the series: [e-MFP Human Resources Action Group](#)