

Achieving Growth through a Strong Organizational Culture: Lessons Learned from Compartamos Banco

Introduction

The unique characteristics of MFIs—high administrative costs, small loan sizes, and challenging work conditions—necessitate high staff productivity, low turnover and exceptional customer service. A pervasive organizational culture that inspires and motivates staff to align performance with organizational goals and values can be an invaluable asset to an MFI, particularly during stages of growth and expansion. This document examines how [Compartamos Banco](#) of Mexico, the largest MFI in Latin America, has built and leveraged a strong organizational culture that emphasizes company values, human resource management and strategic communication.

Founded in 1982 by a small group of college students inspired by the work of Mother Theresa, Compartamos started as a youth group dedicated to improving the social welfare of communities in marginalized areas of Mexico. It has since achieved significant growth; becoming a commercial bank in 2006 and holding its initial public offering in 2007. In 2011, the bank reported 2.5 million active borrowers, 95 percent of whom are women. Compartamos has a network of 440 branches covering every state of Mexico, and an international presence in Guatemala and Peru. It has been awarded many honors for its excellence in corporate culture, and in 2012 was ranked second on the list of the Best Work Places in Mexico.

In October of 2012, Accion’s Training and Capacity Building unit led an exposure visit to Compartamos Banco (click [here](#) for agenda). During the visit, participants from Asia, Africa and Latin America had the opportunity to exchange ideas with Compartamos specialists around best practices in organizational culture and branding.

This document draws upon key lessons learned in organizational culture identified by the group, and includes insights and ideas that can be applied across Accion’s partner institutions.

Building a Foundation for Organizational Culture: Mission, Vision and Values

At Compartamos Banco, an organizational commitment to a core set of institutional values—referred to as the “*Mistica*” of the institution—has served to inspire staff, promote a teamwork culture, increase productivity and reduce turnover. The “*Mistica*” is made up of the core values of person, passion, teamwork, profitability, service and responsibility. Of these, the person is the principal value and the core focus of the institution. This emphasis on the “individual” exemplifies an institutional commitment to the social and economic development of both staff and clients.



Best Practices in Organizational Culture from Compartamos

- ❖ **Mission, vision and values are the building blocks of organizational culture. They should be integrated into all activities, programs and operations.**
- ❖ **Institutional values should be built into the hiring, training and recruiting process to align staff performance with organizational goals and standards of conduct and ethics.**
- ❖ **Both internal and external communication should be standardized and participatory to create buy-in and motivate staff, clients and stakeholders towards shared goals.**

Dedicated Philosophy Department

The *Filosofía* (Philosophy) department at Compartamos is responsible for developing the mission and values of the organization and deploying strategies for their promotion both internally and externally. Three percent of company expenditures are dedicated to the 50-member department. Filosofía keeps the mission, vision and values at the forefront of all activities through constant reminders and rituals for both clients and employees.



A specific strategy used by the philosophy department is the appointment of “Mística Guardians,” or employees that embody the core values of Compartamos and actively work towards their promotion within the institution. Mística Guardians, who can be chosen from any level or department, are designated to serve as a model for all other employees. The Guardians are the “keepers of the values” and are responsible for facilitating induction sessions for new employees and subsequently acting as mentors and examples of how to live the values of Compartamos.

Visual reminders

- Consistent and standardized use of visuals in central and branch offices
- Graphics of “mission, vision, values” and reminders to live and work according to the values posted at employee’s desks
- Images of Mother Theresa with company values posted around the office
- Pictures of clients and staff working together
- Values poster is displayed and discussed at each group loan disbursement meeting

Rituals



- At *Crédito Mujer* group disbursement meetings group leaders bring a symbolic plant, referred to as the “tree of abundance”, to represent the group’s unity, common purpose, and commitment to repaying the loan together.
- At initial disbursement of group loans there is a “cutting of the ribbon ceremony” to symbolize the beginning of the cycle, leaving behind old difficulties and lack of opportunities.
- Staff are recognized for individual and professional achievements—employees are rewarded with “Anniversary celebrations” after one year of working with Compartamos.

Using Human Resource Management to Motivate Staff Towards Organizational Goals

The relationship and interaction between the institution and its clients is at the heart of an MFI’s operations. Committed, value-driven staff who deliver quality customer service are key to achieving growth objectives. At Compartamos, key human resource management strategies include integrating core values into every stage of the recruiting, hiring and training process; as well as providing an integrated system of both monetary and supplemental non-monetary incentives to motivate and develop staff. In addition, programs and policies have been put in place to ensure that all employees consistently align their daily actions and behaviors with the institutional code of ethics and conduct.

Recruitment

- **Value fit assessment:** A strategic selection process aims to identify individuals that will fit with the organizational culture and values of the institution. This process consists of a written test, an interview and a psychological test.
- **Training and “culturalization:”** Before starting full time, new hires participate in a three month integrated job training process followed by a final test on values. “Refresher” training sessions are required every six months. New hires are encouraged to participate in workshops and e-learning courses to better familiarize themselves with the mission, vision and values of the institution.



Code of Ethics

- **Certification:** All new hires are required to take a course in “ethics” and become certified. All existing employees must be re-certified annually.
- **Methods of registering a complaint:** For complaints or concerns there is a 24-hour hotline and email service available for employees to contact. This allows staff to receive advice or report misconduct—such as the misuse of company equipment, fraud or sexual harassment—in an anonymous way.
- **Honor commission:** Nine to ten senior employees serve on an “honor commission” and review ethics cases together with a team of psychologists.

Promotion of Values in Employees Through Social Incentives and Benefits

To inspire and motivate staff, Compartamos offers an incentive system with both social and economic benefits. In addition to competitive pay, benefits include clear career progression paths, and a range of activities and programs designed to promote the holistic development of employees. These activities form part of the FISEP Model.

FISEP Model: Physical, Intellectual, Social-Familial, Spiritual and Professional Development

- **Physical**
 - Staff-organized athletic teams and events
 - Signs around the office encouraging employees to “use the stairs” and “drink water instead of soda”
 - Gymnasium at the head office
- **Intellectual**
 - Scholarships and assistance available for continued education
 - Exhibition of films that relate to and promote company values
- **Social-Familial (emphasis on work-life balance)**
 - Celebration/announcement of special events (birthdays, anniversaries)
 - “Casual Fridays,” and “Family Day”—a designated day when employees bring family members with them to the office
 - Community-based service activities with environmental or social focus
- **Spiritual**
 - Conferences and speaker series on spiritual learning
 - Promotion of respect for all beliefs
 - Prayer/meditation rooms in head office
- **Professional**
 - E-learning courses
 - Opportunities for training and development of staff
 - Compartamos staff volunteer to teach financial education courses for clients and in communities where they work



Employing Standardized Communications to Engage Stakeholders and Create Buy-in

A collaborative, participatory communications strategy builds trust and creates buy-in for both staff and stakeholders, motivating them towards shared goals. In a successful organizational culture, information is shared in a fair, open way, and the perspectives of stakeholders, staff and clients are considered and valued.



Compartamos has effectively used a standardized, consistent communications strategy to share information and performance with staff, clients and stakeholders. By disseminating information through a variety of different mediums in a coordinated way, Compartamos has built confidence and managed its reputation. This was particularly important in dealing with the controversy surrounding the IPO in 2007. Transparent, proactive communication strategies such as the public [“Letter to Our Peers”](#) from CEOs Carlos Danel and Carlos Labarthe, were critical to addressing criticism and re-emphasizing the mission and vision of the institution during this time.

Internal Communication Strategies

- **Publications:** A monthly magazine, *Compartips*, is distributed to all employees electronically and in print. Designed to motivate and inspire staff, *Compartips* includes news and updates about the institution as well as tips for professional and personal development. The magazine also provides information on how to “live” the philosophy and values of Compartamos with articles on topics such as customer service, personal health and environmental awareness.
- **Productions:** Top level managers participate in podcasts where staff can tune in to hear a discussion of goals, strategic planning and philosophy. A variety of other productions, including videos and a radio program, are also available to all staff.
- **Multi-media:** Employees have access to an organization-wide Intranet, with features that allow for sharing opinions or comments. Within the office, staff receive constant updates, reminders, and news from “plasmas,” or TVs that are set up in common areas.
- **Ringing the bell:** A designated bell hung at headquarters and in every branch is rung to announce institutional accomplishments and news.
- **Consistency:** External Relations, Marketing and Philosophy departments collaborate to make sure that consistent language is used with all communication mediums.



External Communication Strategies

- **Public information sharing:** The Compartamos website and annual sustainability report include financial indicators, updates and news about progress towards goals and planning for clients, stakeholders and interested parties.
- **Publications for clients:** A monthly magazine, *Compartamos Consejos* (Compartamos Advice) is provided specifically for clients. It includes product information and advice on financial planning and managing a small business. In addition to financial education, the magazine includes fun elements, such as recipes, contests for clients and games for children.
- **Community engagement work:** Two percent of profit is spent on the organization of [volunteer activities](#) in the communities where Compartamos is present. These include telethons, visits to nursing homes, trash pick-up, and collections for orphanages.



- **“Compartamos Community Day:”** Community events are regularly held in which staff and community members get together to clean up parks, playgrounds or plant trees. Additional activities for children and community members are also available, such as plays for children, free health clinics, and savings workshops. The day ends with a free movie for community members and their families.
- **Chavitos:** [Chavitos](#) is a program oriented towards the children of clients. There are games available on the Compartamos website, and special products such as calculators and notebooks designed especially for children.

Lessons Learned Briefs highlight best practices in technical and priority areas that Accion staff have observed at partner institutions. These documents are meant to foster knowledge sharing on key microfinance topics. All views expressed herein are the author’s and do not necessarily reflect official policy or views held by the partner institutions referenced.

Do you have experience in organizational development? Don’t hesitate to contact the Training and Capacity Building Unit at tcbsupport@accion.org with questions, comments or suggestions regarding organizational culture or possible future topics.