

# FROM ATTRITION TO RETENTION: EXPLORING HR STRATEGIES FOR MICROFINANCE INDUSTRY

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**Abstract** *The microfinance industry is essential for increasing financial access, especially in rural areas. It provides credit to low-income families, helping them grow economically. This study investigates HR-related challenges in microfinance, focusing on high employee turnover and retention strategies. The study attempts to explore the reasons why field officers and customer relationship executives often leave, considering factors such as management practices, location-based difficulties, and onboarding issues. Through exit interviews and analysis of available data, we identified patterns and proposed specific HR solutions to improve retention. Part of this effort involved creating training materials, such as animated induction videos and a referral bonus programme, aimed at boosting employee satisfaction and lowering attrition. The results of the study show that improving HR practices directly impacts the performance and sustainability of microfinance institutions. When employee retention is strong, microfinance companies can better fulfil their mission of financial inclusion and poverty reduction in underserved areas.*

**Keywords:** *Attrition, Retention, HR Strategies, Strategic HRM, Microfinance Industry*

## INTRODUCTION

Microfinance Institutions (MFIs) serve as a cornerstone in advancing financial inclusion and driving economic development, particularly in regions where access to traditional banking services is limited. These institutions are dedicated to providing essential financial services such as small loans, savings schemes, and insurance products to individuals and small businesses who would otherwise be excluded from the financial system. By offering these services, MFIs not only empower individuals but also stimulate entrepreneurial activities, support small-scale enterprises, and foster socio-economic growth. Their mission extends beyond mere financial transactions; it encompasses the broader goals of nurturing entrepreneurship, improving livelihoods, and contributing to the economic vitality of under-served communities.

Despite their pivotal role, MFIs face considerable challenges in managing and maintaining their human resources effectively, which are central to institutional sustainability and the achievement of goals. One of the most pressing issues is high employee attrition, which poses a significant

threat to the stability and operational effectiveness of these institutions. High turnover rates can undermine organisational performance and obstruct the ability of MFIs to fulfil their mission of economic empowerment. The causes of high attrition are multifaceted and often include inadequate compensation, limited career advancement opportunities, and high job stress. These factors contribute to employee dissatisfaction and increased turnover rates, thus creating a cycle that can be difficult to break.

For instance, research by Sserwanga et al. (2011) indicates that MFIs in several developing countries experience turnover rates as high as 30% annually, a stark contrast to the 15% average in other sectors. This elevated turnover disrupts organisational continuity and negatively impacts the quality of service provided to clients. The consequences of high employee turnover include the erosion of institutional knowledge, diminished morale among remaining staff, and increased costs associated with recruitment and training. This situation highlights the urgent need for MFIs to develop and implement effective Human Resource (HR) strategies aimed at improving employee retention and enhancing organisational stability.

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To address these challenges, MFIs need to look for HR strategies that can convert high attrition rates into improved retention outcomes. This study seeks to explore HR practices that can enhance workforce stability and contribute to the long-term success of MFIs. Through an examination of a diverse range of literature and industry reports, the study attempts to provide actionable recommendations for enhancing employee retention within the microfinance sector. By focusing on effective HR practices, the present research seeks to offer solutions to help MFIs overcome HR challenges and achieve their goals of financial inclusion and economic development.

## Background

To address the issue of high employee attrition within MFIs, it is crucial to delve into various theoretical perspectives related to employee retention. Understanding these theories can provide valuable insights into designing HR practices that enhance job satisfaction and reduce turnover rates.

High-involvement work practices are a fundamental aspect of improving employee retention. Guthrie (2001) defines these practices as strategies that involve increasing employee responsibility, providing opportunities for professional growth, and fostering a participative work environment. High-involvement practices are designed to empower employees, engage them in decision-making processes, and create a supportive work environment. In the context of microfinance, where job stress and limited advancement opportunities are common, high-involvement practices can address some of the core issues contributing to high attrition rates.

Furthermore, the economic value of human capital is another critical component of retention strategies. Fitz-Enz (2000) emphasises the importance of measuring and managing the economic impact of employee performance. Effective HR management practices that address employees' needs can significantly improve job satisfaction and reduce turnover rates. Research by Kuvaas and Dysvik (2010) supports this notion, indicating that well-designed HR practices contribute to higher job satisfaction and reduced attrition.

Further, Armstrong (2020) has shown that Strategic Human Resource Management (SHRM) can create a cohesive and supportive work environment by developing HR policies and practices that support the organisation's strategic objectives. Becker and Huselid (2006) argue that strategic HR practices are essential for achieving long-term organisational success, including improved employee performance and lower turnover rates.

In the microfinance sector, adopting SHRM approaches involves aligning HR strategies with the organisation's mission and goals. This includes developing HR practices

that support the organisation's strategic objectives, providing career development opportunities, and fostering a supportive work culture. By integrating HR practices with organisational goals, MFIs can enhance employee satisfaction, improve performance, and reduce turnover rates.

Psychological factors play a crucial role in employee engagement and retention. In this regard, Kahn (1990) has observed that psychological conditions are necessary for employee engagement, highlighting their importance in retaining staff, especially in high-turnover sectors like microfinance. Creating a work environment that supports employee engagement and addresses psychological needs is essential for reducing turnover. Moreover, employees who feel valued and supported are more likely to be engaged and committed to their organisation (e.g. see Imran, Elahi, Abid, Ashfaq & Ilyas, 2020). This involves fostering a culture of recognition, providing opportunities for professional development, and offering support for employees' well-being. By addressing employees' psychological needs, MFIs can enhance job satisfaction and improve retention rates. A supportive work environment that prioritises employee well-being can lead to increased engagement, reduced turnover, and overall better organisational performance.

Industry reports provide valuable insights into managing workforce dynamics within microfinance. Reports from McKinsey & Company (2024) and Bain & Company (2023) have analysed the trends and strategies for workforce management in financial services, including microfinance. These reports highlight the need for adaptive HR practices to address the evolving demands of the sector. For example, McKinsey & Company (2024) emphasised the importance of implementing flexible HR strategies that can respond to changing workforce needs and external challenges. Along the same lines, Deloitte (2024) and PwC (2024) have further noted the impact of technological advancements and global trends on HR strategies, emphasising the need for flexibility and innovation in workforce management. For MFIs, adopting HR practices that leverage technological advancements and adapt to global trends can enhance employee engagement and retention. This includes using technology to streamline HR processes, improve communication, and support remote work arrangements.

Government and NGO reports also contribute to understanding workforce dynamics in microfinance. The World Bank (2023) provides best practices and policy recommendations for workforce development in microfinance. These recommendations offer valuable insights into effective HR strategies and policies that can support employee retention and development.

Additionally, reports from the IMF (2023), OECD (2022), and ILO (2023) examine labour market trends and their

implications for employee retention. These reports highlight key factors influencing retention, such as economic conditions, labour market dynamics, and workforce demographics. The insights from these reports help to contextualise workforce challenges and opportunities in the microfinance sector, providing a broader understanding of the factors that impact employee retention.

Thus, integrating these perspectives with practical insights from industry and government reports, this study aims to offer a comprehensive analysis of HR strategies that can effectively address high employee attrition in the microfinance industry. The objective is to provide actionable recommendations to enhance retention and support the long-term success of MFIs. By examining current practices and developing strategic recommendations, this study seeks to contribute valuable insights to the field of Human Resource Management (HRM) in microfinance. Addressing high employee attrition is essential for the sustainability of MFIs. Implementing well-designed HR practices that address employee needs and align with organisational goals can improve workforce stability, enhance job satisfaction, and ultimately enable MFIs to achieve their mission of economic empowerment and poverty reduction.

## Objective

This study aims to address critical HR challenges faced by MFIs. By focusing on various dimensions of employee management and retention, the study intends to provide a thorough examination of current HR practices and their effectiveness. The following objectives guide the investigation:

The study intends to examine and understand employee resignation patterns, evaluate the effectiveness of support initiatives, assess the impact of geographical factors on employee retention and job satisfaction, and develop strategic recommendations for MFIs. Therefore, these objectives are designed to offer a comprehensive understanding of the HR dynamics within MFIs and provide practical strategies to foster a more stable and productive workforce.

## METHODOLOGY

The study was designed to examine and understand critical HR challenges within MFIs. The study aimed to analyse employee attrition patterns, evaluate the effectiveness of support initiatives, and assess HR performance across various clusters. The methodology employed, covering tasks from April 2023 to May 2024, involved a comprehensive and multi-faceted approach, leveraging various data sources and analytical techniques to gain deep insights into the HR dynamics of the sector.

## Sample

The study focused on a sample of 3,476 employees working in the MFI sector. The selection of sample was based on resignation records that could be obtained, with consent, from MFIs. These resignation records spanned from April 2023 to May 2024. These records contained critical details such as resignation dates, reasons for leaving, departmental affiliations, and duration of employment. By analysing this dataset, the study aimed to reveal the underlying causes of employee resignations and provide practical strategies for improving HR practices within MFIs. Further, given the nature of data and details the names of MFIs and the employees have been kept confidential.

## Tools and Techniques

To achieve the study's goals, a wide range of tools and techniques were employed. The data on employee resignations was carefully analysed to understand the patterns by age, tenure, and geographical location. The data was categorised based on the reasons for leaving, which ranged from seeking better opportunities and management issues to workload and salary concerns. By breaking down the reasons for departure across different demographic groups, the analysis offered a deeper understanding of which factors were most influential in different contexts.

## Employee Attrition Data

### Age Group

The analysis of employee resignations from October 2023 to March 2024, covering 2,087 employees, showed distinct patterns across different age groups (Table 1). The data indicated that employees aged 22–26 years experienced the highest number of resignations, with 1,052 departures. This was followed by the 18–21 years age group, which saw 724 resignations. The 27–31 years group had 300 resignations, and the 32–36 years group had just 11. This distribution highlights a clear trend of higher turnover rates among younger employees, especially those in the 22–26 years range.

**Table 1: Age Distribution of 2087 employees Who Resigned During 6 Months (Oct23-Mar24).**

Age Group	Count of Employees
18-21	724
22-26	1052
27-31	300
32-36	11
Grand Total	2087

*Tenure Analysis*

The tenure analysis of employee resignations from October 2023 to March 2024 revealed distinct patterns related to the length of service before departure (Table 2). Among the 2,087 employees who resigned, the largest group had been with the organisation for 0–3 months, with 1,043 resignations. This was followed by those with 4–6 months of tenure, accounting for 437 resignations. Employees with 7–9 months of tenure resigned 191 times, while those with 10–12 months of service had 108 resignations. The smallest group was employees with over 12 months of tenure, who had 308 resignations. This distribution indicates that a significant portion of resignations occurred early in employees’ tenure with the organisation.

**Table 2: Tenure Trend Analysis of 2087 Employees Who Resigned in the Period of 6 Months (Oct 23 - Mar 24)**

Tenure Group	Count of Employees
0-3	1043
4-6	437
7-9	191
10-12	108
>12	308
Grand Total	2087

*State-Wise Analysis*

The analysis of average attrition rates across different states during the period from November 2023 to April 2024 revealed notable variations (Table 3). The study compared attrition rates between different regions to identify significant differences in attrition percentages.

**Table 3: Distribution of State-Wise Regions Covered Under the Study**

State	Regions Covered in the Study
Bihar	13 regions
Uttar Pradesh	10 regions
Karnataka	13 regions
Tamil Nadu	6 regions
Gujarat	4 regions
Madhya Pradesh	4 regions
Maharashtra	5 regions
Rajasthan	3 regions

Additionally, this study examines employee attrition across various factors, including reasons for leaving, age, and tenure, using a quantitative approach. Data were collected from employee exit records, and categorised into several reasons for departure: Better Opportunities, Management Issues, Higher Education, Location Issues, Workload, Salary Issues, Family Issues, Health Issues, Fraud, and Voluntary

Resignations. The analysis involved breaking down exit data by age groups (18–21, 22–26, 27–31, 32–36, and 37–41) and tenure brackets (0–3 years, 4–6 years, 7–9 years, 10–12 years, and more than 12 years). Percentages were calculated to represent the distribution of exits within each category. The study delved into trends to understand which factors most significantly impact different demographics, aiming to inform targeted retention strategies.

**Telephonic ‘Call to Care Programme’ Analysis**

The analysis of the “Call to Care” initiative for May 2024 involved a total of 420 calls made to employees. The data collected included the names of individuals contacted (kept confidential for the present purpose), providing a clear record of those who were reached out to during the initiative. The calls were categorised into three main types: 35.7% were focused on providing direct support to address specific issues or needs, 28.6% aimed to assist with personal or work-related challenges, and 35.7% were general check-ins to ensure employees felt valued and engaged. The outcomes and feedback from these interactions were recorded to assess the effectiveness of the initiative and its impact on employee well-being and engagement.

**Geographical Factors**

The analysis of geographical factors covered the period from January 2023 to April 2024, involving a total of 5,500 employees. This analysis focused on examining the latitude and longitude coordinates of both employees and their assigned branch locations. The objective was to assess how commute distances influence employee retention. By evaluating these geographical data points, the study aimed to understand the relationship between commute distances and employee turnover.

**Procedure**

The analysis procedure involved several critical steps to ensure a comprehensive understanding of the HR challenges within MFIs. Initially, statistical techniques were applied to employee attrition records, calculating key metrics such as mean tenure and resignation rates. Inferential statistical methods were used to explore the relationships between employee characteristics—such as age and tenure—and the likelihood of resignation. This provided insights into how different factors contributed to employee turnover. Furthermore, attrition rates were aggregated and compared across different regions from November 2023 to April 2024. The data included both percentage rates and absolute numbers to identify regional trends and discrepancies.

Next, the evaluation of the “Call to Care” initiative was conducted through both qualitative and quantitative methods. The feedback collected from employees who participated in the programme was analysed alongside key performance metrics, offering insights into the initiative’s effectiveness in boosting employee engagement and satisfaction.

The geographical aspect of the study involved an analysis of commute distances. By mapping the latitude and longitude of employee residences and branch locations, the study explored the correlation between commute distances and employee retention.

## RESULTS AND DISCUSSION

This study, conducted from October 2023 to April 2024, provides a detailed examination of HR challenges within the microfinance sector, with a focus on employee attrition, support initiatives, and geographical factors influencing workforce management. The findings are categorised into three key areas—Attrition, Call to Care, and Geographical factors—and provide valuable insights based on percentages and absolute values, offering a clearer picture of the organisational landscape.

### Attrition

The analysis across various factors concerning attrition reveals distinct patterns in employee was analysed based on age and tenure (in months). A closer look at the reasons for resignation, as shown in Table 4, reveals key trends reveals the following trends:

- *Better Opportunities:* Younger employees (22–26 years) accounted for the highest proportion (53.3%) of exits, with employees in their first 0–3 months (27.6%) and 4–6 months (28.3%) showing a high tendency to leave. However, 31.6% of exits among employees with more than 12 months of service indicates that even long-tenured employees seek better career prospects.
- *Management Issues:* Younger employees (aged 18–26 years) make up a significant percentage of exits due to management issues (33.33% among those aged 18–21 years and 52.08% among those aged 22–26 years). Employees with 0–3 months of tenure show the highest rate of exits (35.42%), while exits drop significantly for employees aged 27 years and older.
- *Higher Education:* Most exits for higher education occur among employees aged 18–26 years, with 46.77% from the 18–21 age group and 43.55% from

the 22–26 age group. Employees in their first 0–3 months of service make up 41.94% of exits, with fewer exits occurring as tenure increases.

- *Location Issues:* Location-related exits are prevalent among younger employees, with 35.9% among those aged 18–21 years and 43.59% in the aged 22–26 years. Tenure-wise, employees with 0–3 months of service represent 34.62% of exits, while long-tenured employees (over 12 months) account for 26.92% of location-related exits.
- *Workload:* Younger employees (aged 18–21 years, 40.54%; 22–26 years, 47.30%) are more likely to leave due to workload pressures, particularly those in their first 0–3 months of employment (63.51%). Exits due to workload concerns decrease significantly as tenure increases.
- *Salary Issues:* Salary dissatisfaction is a primary driver for exits among younger employees (43.1% in the 18–21 age group and 39.66% in the 22–26 age group) and those with 0–3 months of tenure (34.48%). Long-tenured employees (over 12 months) also show a resurgence in salary dissatisfaction, contributing to 37.93% of exits.
- *Family Issues:* Younger employees (35.15% in the 18–21 age group and 48.69% in the 22–26 age group) are more likely to leave due to family-related reasons, with employees in their first 0–3 months making up 40.86% of exits. Long-tenured employees (over 12 months) also leave for family reasons, though at a lower rate (17.81%).
- *Health Issues:* Health-related exits are common among younger employees (54.02% in the 22–26 age group and 33.33% in the 18–21 age group), especially those in their first 0–3 months of employment (54.02%).
- *Fraud (Asked to Resign):* Fraud-related exits are most common among employees aged 22–26 (27.03%) and those with 0–3 months of tenure (10.81%). Fraud-related exits are fewer among older employees, but there is a slight increase among long-tenured employees (over 12 months), accounting for 13.51% of exits.
- *Voluntary Resignations (No Reason Disclosed):* Younger employees (18–21 years, 38.46%; 22–26 years, 48.26%) are more likely to leave for voluntary reasons, particularly those in their first 0–3 months of employment (56.20%). Long-tenured employees (over 12 months) still make up 14.52% of voluntary resignations, indicating that some may leave for personal reasons even after long service.

**Table 4: Reasons for Resignation Based on Age-Group and Tenure-Group**

Reason for Exit	Age Bracket (in Years)	Percentage (%)	Tenure Bracket (in Months)	Percentage (%)
Better Opportunity	18-21	25.66	0-3	27.63
	22-26	53.29	4 to 6	28.29
	27-31	19.08	7 to 9	5.92
	32-36	1.97	10 to 12	6.58
	37-41	0.00	More than 12	31.58
Management Issue	18-21	33.33	0-3	35.42
	22-26	52.08	4 to 6	31.25
	27-31	14.58	7 to 9	20.83
	32-36	0.00	10 to 12	2.08
	37-41	0.00	More than 12	10.42
Higher Education	18-21	46.77	0-3	41.94
	22-26	43.55	4 to 6	25.81
	27-31	9.68	7 to 9	14.52
	32-36	0.00	10 to 12	8.06
	37-41	0.00	More than 12	9.68
Transfer / Location Issue	18-21	35.90	0-3	34.62
	22-26	43.59	4 to 6	21.79
	27-31	16.67	7 to 9	7.69
	32-36	3.85	10 to 12	8.97
	37-41	0.00	More than 12	26.92
Work Load	18-21	40.54	0-3	63.51
	22-26	47.30	4 to 6	20.27
	27-31	12.16	7 to 9	4.05
	32-36	0.00	10 to 12	1.35
	37-41	0.00	More than 12	10.81
Salary Not Satisfied	18-21	43.10	0-3	34.48
	22-26	39.66	4 to 6	13.79
	27-31	13.79	7 to 9	8.62
	32-36	3.45	10 to 12	5.17
	37-41	0.00	More than 12	37.93
Family Issue	18-21	35.15	0-3	40.86
	22-26	48.69	4 to 6	27.32
	27-31	13.78	7 to 9	9.03
	32-36	2.38	10 to 12	4.99
	37-41	0.00	More than 12	17.81
Health Issue	18-21	33.33	0-3	54.02
	22-26	54.02	4 to 6	18.39
	27-31	11.49	7 to 9	6.90
	32-36	1.15	10 to 12	6.32
	37-41	0.00	More than 12	14.37
Fraud	18-21	10.81	0-3	10.81
	22-26	27.03	4 to 6	8.11
	27-31	4.05	7 to 9	6.76
	32-36	0.00	10 to 12	2.70
	37-41	0.00	More than 12	13.51

Reason for Exit	Age Bracket (in Years)	Percentage (%)	Tenure Bracket (in Months)	Percentage (%)
Volunteer	18-21	38.46	0-3	56.20
	22-26	48.26	4 to 6	17.74
	27-31	12.78	7 to 9	7.44
	32-36	0.37	10 to 12	4.09
	37-41	0.12	More than 12	14.52

The geographical analysis (Table 5, relating to attrition rates) revealed significant clusterwise differences. Uttar Pradesh, with an attrition rate of 56.89% across 10 regions, had the highest rate. Bihar followed with 54.99% attrition across 13 regions, while Karnataka also had a high rate at 54.32% across 13 regions. Madhya Pradesh recorded 52.22% attrition in 4 regions. Maharashtra had 49.56% attrition across 5 regions, and Rajasthan had 49.67% attrition across 3 regions. Tamil Nadu reported a lower attrition rate of 48.91% across 6 regions, and Gujarat had the lowest at 45.81% in 4 regions. These variations highlight the influence of local factors, such as working conditions, management practices, and employee engagement, suggesting the need for tailored retention strategies.

**Table 5: Result of Difference of Attrition in Last 6 Months (Cluster Wise)**

Cluster Name	NOV 23	APR 24	(Nov/12)-(Apr/12)
	Attrition %	Attrition %	Attrition %
	Total Last 12 Months	Total Last 12 Months	Total Last 12 Months
Jharkhand	77.80%	78.25%	-0.04%
Bihar North	62.09%	55.31%	0.56%
Bihar South	42.58%	43.27%	-0.06%
East Uttar Pradesh	64.74%	56.58%	0.68%
West Uttar Pradesh	81.12%	72.97%	0.68%
Central Uttar Pradesh	58.26%	51.78%	0.54%
North Karnataka	83.98%	82.24%	0.14%
South Karnataka	107.76%	83.34%	2.03%
West Karnataka	75.96%	63.04%	1.08%
Tamil Nadu	95.53%	96.37%	-0.07%
Gujarat	107.01%	103.70%	0.28%
Madhya Pradesh	111.43%	106.66%	0.40%
Pune	88.22%	79.33%	0.74%
Rajasthan	133.99%	136.40%	-0.20%
Nagpur	95.36%	72.07%	1.94%

Note: The highlighted Clusters show an increase in attrition in the course of 6 months.

## Call to Care

The “Call to Care” initiative conducted in May 2024 at Chaitanya India Fin Credit Pvt. Ltd. provided valuable insights into its effectiveness in employee support. A total of 420 calls were made, reaching 250 unique individuals. Of these, 60% were focused on providing direct support, while 40% were general check-ins. The call frequency varied, with 150 individuals receiving one call each and 100 individuals receiving multiple calls, averaging 2.5 calls per person for deeper engagement. Feedback revealed that 70% of the calls (294) received positive responses, indicating that most employees found the initiative helpful. However, 20% (84) gave neutral feedback, suggesting the calls neither exceeded nor fell short of expectations, and 10% (42) provided negative feedback, highlighting areas where support was insufficient. The findings underscored high employee engagement, with personal and work-related challenges being the most common areas where support was needed, and emphasised the need for more personalised and responsive support through follow-up actions (e.g., see Gallup, 2020).

## Geographics

The geographical analysis, supported by the Distance Verification Project, provided insights into regional differences in turnover rates and the accuracy of location data (Fig. 1). The study verified employee locations using latitude and longitude coordinates, with accuracy rates varying across regions. Both the North and South regions achieved the highest location verification accuracy at 99%, with the North verifying 1,197 employees and the South verifying 1,977 employees. The East region had a moderate accuracy of 84.5%, verifying 1,346 employees, while the West region had the lowest verification accuracy at 77.9%, verifying 980 employees. The study seems to indicate that greater the distance an employee travels the more the chance that they may leave the organisation (Dalton & Todor, 1993). Other studies have also indicated a negative relationship between longer commutes and attrition. Additionally, other studies have also shown that longer commutes can lead to increased stress, reduced work-life balance, and a feeling of being tied down, potentially making employees less satisfied with their jobs and more likely to seek alternatives (Obenauer, 2019,

Zhang, Li & Wang, 2023).

Zone	Cluster	Lat&Long	completion%	PhotoLink	completion%	Grand Total
West	Rajasthan	73	57.48%	73	57.48%	127
West	Maharashtra	295	59.00%	345	69.00%	500
West	Madhya Pradesh	222	96.10%	225	97.40%	231
South	Tamil Nadu	282	96.58%	282	96.58%	292
North	East Uttar Pradesh	407	97.84%	407	97.84%	416
East	Bihar South	437	98.65%	436	98.42%	443
North	West Uttar Pradesh	315	99.06%	316	99.37%	318
South	South Karnataka	546	99.27%	545	99.09%	550
East	Bihar North	462	99.35%	464	99.78%	465
North	Central Uttar Pradesh	462	99.78%	462	99.78%	463
East	Jharkhand	438	100.00%	438	100.00%	438
South	North Karnataka	578	100.00%	578	100.00%	578
South	West Karnataka	557	100.00%	557	100.00%	557
West	Gujarat	122	100.00%	122	100.00%	122
<b>Grand Total</b>		<b>5196</b>	<b>94.47%</b>	<b>5250</b>	<b>95.45%</b>	<b>5500</b>

**Fig. 1: Result of Distance Verification Project**

## RECOMMENDATIONS AND CONCLUSION

The study was thus aimed to examining and understanding critical HR challenges within MFIs with special stress on employee attrition patterns, effectiveness of support initiatives, and HR performance across various clusters (regional). The methodology employed, covering tasks from April 2023 to May 2024, involved a comprehensive and multi-faceted approach, leveraging various data sources and analytical techniques to gain a deeper insights into the HR dynamics of the sector.

The results have clearly provided a comprehensive understanding of the HR challenges faced by the microfinance sector, focusing on employee attrition, support initiatives, and geographic factors. The analysis revealed that younger employees, particularly those aged 22–26 and with shorter tenures, exhibit higher attrition rates due to various reasons such as better opportunities, management issues, and workload pressures. Geographic analysis highlighted significant regional differences in attrition rates, with Uttar Pradesh and Bihar showing the highest rates, suggesting that local factors greatly influence employee turnover.

The “Call to Care” initiative, which is one of the innovative designs used by a few of the MFIs, demonstrated its effectiveness in supporting employees, with a majority finding the initiative helpful, however there is a need for more personalised follow-up actions. The geographic verification project has, furthermore, underscored variations in data accuracy across regions, with North and South regions achieving the highest accuracy but still facing high attrition rates. These findings collectively emphasise the necessity for targeted retention strategies, improved

support mechanisms, and refined data management practices to address the multifaceted challenges in workforce management within the sector.

In addressing the key factors influencing employee attrition, our study highlights several critical actions for organisations. To mitigate management dissatisfaction, it is essential to enhance onboarding processes, develop robust mentorship programmes, and invest in comprehensive management training. To counteract workload pressures, organisations should offer thorough training, establish clear workload expectations, and provide ongoing mentorship to support new hires. Salary dissatisfaction, a significant driver of attrition, can be addressed by ensuring competitive starting salaries, implementing transparent pathways for salary growth, and conducting regular salary reviews. To better support employees facing family-related challenges, companies should introduce flexible working hours, offer remote work options, and provide parental support. Addressing health concerns requires the implementation of robust health and wellness programmes, including mental health support and stress management resources.

Further, to reduce fraud-related exits, organisations must strengthen ethics training and increase oversight, particularly for new employees. To tackle voluntary resignations without disclosed reasons, enhancing engagement and communication, conducting thorough exit interviews, and providing clear career development opportunities are crucial. Additionally, to resolve location-related issues, offering flexible work arrangements or relocation assistance is necessary. Finally, for long-tenured employees, focusing on continuous career development, addressing salary stagnation with sustained compensation growth, and providing opportunities for new challenges is vital, alongside implementing flexible relocation policies

to accommodate life changes. By adopting these actions, organisations can effectively address the diverse factors contributing to employee attrition and foster a more stable and engaged workforce.

Based on the analysis of the “Call to Care” initiative, several recommendations are proposed to enhance its effectiveness. First, refining communication strategies is essential; interactions should be personalised to better address the specific needs of employees, thereby increasing the overall effectiveness of the support provided. Additionally, implementing targeted follow-up actions for individuals who gave neutral or negative feedback is crucial. By thoroughly addressing their concerns, organisations can improve satisfaction and the overall impact of the initiative. Finally, expanding the “Call to Care” programme to include additional resources or services, as identified through feedback, could further enhance the support system and address any gaps. These actions are expected to strengthen the initiative and better support employee needs.

Further, the analysis of employee commute distances suggests several steps to improve location-based HR management. By verifying employee locations through latitude and longitude coordinates and comparing them with assigned branch locations, organisations can identify branches that meet the criteria of employees residing within a 41–100 km round radius. Reassigning employees to branches within this commuting range aims to reduce location-related attrition and improve overall job satisfaction (Williams, 2024).

In conclusion, it can be deduced that effectively managing employee attrition requires a multifaceted strategy that addresses the needs of both early-career and long-tenured employees. To reduce early attrition, organisations should focus on enhancing onboarding processes, developing robust mentorship programmes, and investing in management training. Clear workload expectations and competitive salaries are also essential for retaining new hires. For ongoing retention, implementing family-friendly policies, robust health and wellness programmes, and continuous ethics training are crucial. Addressing voluntary resignations without disclosed reasons involves improving engagement and providing clear career development opportunities. For long-tenured employees, it is important to focus on continuous career development and addressing salary stagnation with sustained compensation growth.

The “Call to Care” initiative underscores the need for personalised communication, targeted follow-up, and programme expansion to better meet employee needs. Finally, optimising location-based HR management by aligning employee assignments with their commute distances can improve job satisfaction and reduce location-related

attrition. By implementing these strategies, organisations can better manage attrition, support employee well-being, and foster a more stable and engaged workforce.

Through an integrated approach, the present study provided an analysis of the HR dynamics within MFIs. The insights gained from the examination of employee attrition patterns, the effectiveness of support initiatives, and the influence of geographical factors offered actionable recommendations for enhancing employee retention. This research highlights the importance of targeted HR strategies tailored to regional and demographic factors in reducing turnover and improving overall HR practices within MFIs.

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