I Want to Quit! Exploring Individual, Job and Organization-related Determinants of Turnover Intention among Employees of Microfinance Institutions

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ABSTRACT

Employee turnover is a crucial Human Resource (HR) challenge faced by Microfinance Institutions (MFIs), which are labour-intensive businesses providing financial services to the poor and underprivileged section of society. Despite the extreme attrition rate, there is limited empirical research on factors inducing turnover intention among microfinance employees. Hence, this study aims to explore employee turnover intention in MFIs and identify its critical determinants from the Indian perspective. A self-report questionnaire administered to employees working in five MFIs in Ranga Reddy district, Telangana, India, yielded 159 responses. The results showed that 46.5 per cent of the respondents often thought about quitting their job, indicating severe job dissatisfaction and withdrawal predisposition. The logistic regression established that a mix of individual (psychological capital), job-related (person-job fit, work pressure, emotional labour), and organisation-related factors (pay, rewards and promotion, supervisor support, organisational support) influenced respondents' turnover intention in MFIs. Based on the results, this study made suggestions for how MFIs could improve their HR management practices and cut down on employee turnover.

Keywords: Microfinance institution, Turnover intention, Psychological capital, Compassion, Person-job fit, Work pressure, Emotional labour, Supervisor support, Organisational support

INTRODUCTION

Microfinance provides financial services to low-income individuals and groups without guarantees who lack access to traditional banking services (Jayadev & Rao, 2012). It has emerged as a sustainable tool for financial inclusion in many developing countries, serving as an effective strategy for poverty alleviation, women empowerment, and economic upliftment of impoverished/economically weakest sections of society (Chatterjee & Kumar, 2018; Visconti, 2016). Microfinance comprises a range of products such as savings accounts, loans, insurance and deposits, but the most popular are collateral-free short-term loans or microcredit (Sabitha, 2016). The modern microfinance revolution was pioneered by Dr Muhammad Yunus, a social entrepreneur, economist, and Nobel laureate, also known as the banker to the poor, who established the first microcredit institution, Grameen Bank, in 1976 in Bangladesh (Visconti, 2016). The success of the microfinance model inspired the emergence of similar institutions in over 100 developing countries and even some developed countries.

In India, microfinance is primarily provided by Banks and Microfinance Institutions. The establishment of the Self-Help Group (SHG) – Bank Linkage Program in 1992 spearheaded the proliferation of microfinance in India. SHG is a self-governed and peer-controlled financial intermediary committee comprising 15-20 people, especially women, who come together and engage in income-generating activities to improve their economic condition. Banks lend money to SHGs with financial stability achieved through thrift and internal lending, where peer pressure acts as social collateral for loan repayment (Jayadev & Rao, 2012). Following the SHG-Bank model, several Non-banking Financial Companies (NBFCs), Microfinance Institutions (MFIs), and Non-governmental Organizations (NGOs) entered the microfinance sector.

Microfinance Institutions (MFIs) are financial companies that cater to low-income people but are not regulated under the 1949 Banking Regulation Act and provide limited microfinance services compared to banks. For instance, MFIs do not offer transaction services, deposit insurance, credit creation and insurance, issuing cheques and demand drafts (Parvin et al., 2020). They primarily provide collateral-free small loans for shorter durations to poor people and Joint Liability Groups (JLGs), which are informal groups of 4-10 members engaged in similar economic activity and avail loans with mutual group guarantee (Chatterjee & Kumar, 2018; Jayadev & Rao, 2012). These loans are utilised for business start-ups, income generation, repayment of old debts, and meeting domestic obligations (Jayadev & Rao, 2012). Thus, MFIs play a significant role in facilitating financial inclusion, social inclusion, and economic development of the country. However, financial instability and high administrative expenditure make it challenging for MFIs to meet social goals while also maximising financial performance (Parvin et al., 2020). In contrast to the SHG-Bank model, driven by social motives and showing a slow growth rate, MFIs are the fast-growing commercial model of

microfinance (Jayadev & Rao, 2012), characterised by higher interest rates, poor personnel management, and compensation practices.

Human Resource Challenges in MFIs

Compared to commercial banks, MFI operations are challenging and lack cost efficiency due to higher costs for capital acquisition, default costs, operational and transaction costs stemming from the lack of economies of scale (Visconti, 2016). MFIs generally have a large customer base availing small loans for shorter periods, which results in overburdening of employees (borrowers-to-staff ratio), decreasing their productivity. MFIs being labour-intensive businesses, need to invest considerable resources to serve the clients who offer low volume to their business, but recruiting more employees reduces their profitability (Jha & Singh, 2015). The sustainability of MFIs largely depends on their employees' knowledge, interpersonal skills, and social networking ability to develop and maintain customer relationships, identify potential clients, determine their creditworthiness, extend loans, and monitor and collect payments. They play the contradictory role of ensuring the clients' and MFI' economic welfare. This highly demanding nature of jobs in MFIs coupled with inadequate compensation, support, growth, and training have led to high employee turnover (attrition), especially in lower management, i.e., field/loan/credit officers (Nagaraju & Reddy, 2016; Sarker, 2013).

According to the Microfinance Institutions Network (2020) report, the overall attrition rate in Indian MFIs from June 2019 to June 2020 was 28 per cent, which was higher among field officers at 32 per cent and branch employees at 29 per cent compared to top management at 14 per cent. This is considerably higher than the overall attrition rate of 12 per cent in 2021 across all major industries in India, where the manufacturing and automobile sector had the lowest attrition rate of 6 per cent and the insurance sector reported the highest attrition rate of 18 per cent, followed by retail and banking/financial services both at 17 per cent (Deloitte, 2020; Omam Consultants, 2021). The main reasons for the high turnover rate in MFIs, especially among field and middle-level employees, include the morally and emotionally challenging job, balancing the client nurturing role while adhering to the rules and policies of MFI, unrealistic work expectations and inadequate salary and incentives (Alam, 2015; Sarker, 2013).

High turnover over time can harm MFI's reputation, productivity, and morale of existing employees, coupled with attrition costs involving new recruitment, training, and switch-over customer losses (Augustine, 2011; Nagaraju & Reddy, 2016). To reduce turnover, MFIs need to understand their employee turnover intention and its influential factors to arrest the outflow of efficient personnel and retain the competitive edge. This study explores the turnover intention of employees working in MFIs from an Indian perspective. Specifically, the objectives are as follows:

- To assess the turnover intention of employees working in MFIs,
- To identify the key determinants influencing the turnover intention of employees working in MFIs,
- To suggest appropriate recommendations to reduce employee turnover in MFIs.

The rest of the paper is structured as follows: The literature review provides a condensed appraisal of the crucial factors influencing employees' turnover intention in general and the microfinance sector. The following section presents the proposed conceptual framework and hypotheses for this study. The subsequent segments focus on the methodology adopted for fulfilling the research objectives, data analysis, and interpretation of results. The final section presents the concluding remarks and recommendations, followed by study limitations and directions for future research.

LITERATURE REVIEW

Employee turnover is one of the most critical issues of any business and hence remains a popular research topic in organisational behaviour (Carmeli & Weisberg, 2006). Turnover intention refers to employees' awareness or thoughts about leaving the job (Akgunduz & Eryilmaz, 2018; Zito et al., 2018) and is a crucial precede for actual voluntary turnover (Park & Min, 2020). Tett and Meyer (1993) defined it as a conscious and deliberate wilfulness to leave the organisation. Persistent turnover intention among employees can lead to continuous attrition, which can have a disastrous impact on the organisation and its remaining employees in terms of cost and performance (Chiat & Panatik, 2019; Jha, 2009).

Based on the extant literature, the factors influencing employees' turnover intentions can be broadly classified as individual factors, job-related factors, and organisation-related factors (Jha, 2009; Joseph et al., 2007; Kim, 2005; Park & Min, 2020). Individual factors refer to the personal characteristics of employees, which induce turnover intentions (Jha, 2009). These characteristics are inherent and generally perpetual, such as socio-demographics, personality, culture, human capital, and motivation (Belete, 2018; Jha, 2009; Joseph et al., 2007; Park & Min, 2020). Job-related factors refer to the perceived job characteristics, roles, and stressors that cause turnover (Joseph et al., 2007). These include role ambiguity, role conflict, workload, job autonomy, job complexity, job involvement, work-family conflict, person-job fit, etc. (Bright, 2008; Joseph et al., 2007; Kim, 2005; Zito et al., 2018). The organisation-related factors refer to the perceived HR management practices influencing employees' turnover intentions. These include salary, rewards, career growth opportunities, organisational culture, interrelationships, supervisory/leadership support, organisational support, person-organisation fit, etc. (Belete, 2018; Bright, 2008; Hassan, 2014; Jha, 2009; Joseph et al., 2007; Kim, 2005; Madden et al., 2015; Zito et al., 2018).

Besides these antecedents, consequential constructs such as job satisfaction, organisational commitment, job performance, job stress, and quality of work-life (Bright, 2008; Carmeli & Weisberg, 2006; Hassan, 2014; Jha, 2009; Zito et al., 2018) had a direct or mediating effect on employees' turnover intentions. Past research has incorporated these constructs in varying connotations and combinations to test their impact on employee turnover intentions across various industries such as hospitality, healthcare, information technology, manufacturing, and public service. However, very few studies focused on employees in the microfinance sector. Augustine (2011) identified the causes of employee turnover in MFIs in Tanzania as job-employee skills mismatch, less recognition, work overload, and poor working conditions and facilities. Alam (2015) found the reasons for turnover in MFIs in Bangladesh as lower salary and financial benefits, corruption/fraudulence, violation of service rules, no overtime benefits, excessive workload, transfer to a distant district from home, family reasons, and no promotion. Bhayo et al. (2017) established the effect of interpersonal conflict and job stress on the turnover intention of middle managers working in a microfinance bank in Pakistan. A study conducted by Nyasunda and Atambo (2020) on MFIs in Kenya revealed that employees' perceived reward management significantly reduced their turnover. The review highlighted financial benefits, including salary, rewards and promotion, job misfit, workload, and work environment, as the major causes of employee turnover in MFIs.

The extensive review revealed that despite decades of research on turnover, there are limited empirical studies on the determinants of employees' turnover intention in the microfinance sector, specifically in the Indian context. Besides, existing studies primarily focused on remuneration policies and job-related factors but did not incorporate personal characteristics and social support at the workplace. The lack of research made it clear that this study was needed to look into a wide range of individual, job, and organisation-related factors that affect the employees' turnover intention in Indian MFIs.

PROPOSED CONCEPTUAL FRAMEWORK

MFIs are unique in terms of their operations and human resource challenges. According to Carmeli and Weisberg (2006), employees' turnover intention and their determinants can differ significantly based on their profession, industry, and country. Hence, a new conceptual framework with the MFI-relevant combination of factors influencing employee turnover intention was designed based on extant literature and theories besides consultation with university professors and MF industry experts. Table 1 provides a summary of the selected determinants and their definitions.

Table 1 *Determinants of Turnover Intention and their Definitions*

Type	Determinants	Definition
Individual factors	**Psychological capital** (Avey et al., 2009; Luthans et al., 2007)	an employee's positive psychological state of development indicates their strength, psychological capacity, and motivational predisposition represented by four positive psychological constructs, i.e., efficacy, optimism, hope and resilience
	Compassion (Dutton et al., 2014; Moon et al., 2015)	an employee's sympathetic consciousness of others' suffering and the desire to alleviate it
Job-related factors	**Person-job fit** (Caldwell & O'Reilly, 1990; Kristof-Brown et al., 2005)	the congruence between an employee's characteristics (skills, knowledge, goals, values) and job requirements
	Work pressure (Roe & Zijlstra, 2000)	an employee's subjective state of tension associated with the current and/or anticipated execution of work tasks
	Emotional labour (Hochschild, 1983)	a form of labour encompassing emotional management activities to display organizationally desired emotions at work
Organisation-related factors	**Pay, rewards, and promotion opportunities**	an employee's perception of monetary and non-monetary benefits obtained for his contribution to work
	Supervisor support (Eisenberger et al., 2002)	the degree to which supervisors value the employees' contributions and care for their well-being
	Organisational support (Rhoades & Eisenberger, 2002)	the extent to which employees experience favourable treatment from the organisation

Individual Factors

Psychological capital and compassion are the two individual employee-specific factors hypothesised as determinants of turnover intention in this study.

Psychological capital, defined as an individual's positive psychological state of development, is an indicator of the employees' strength, psychological capacity, and motivational predisposition represented by four positive psychological constructs, i.e., efficacy, optimism, hope, and resilience (Avey et al., 2009; Luthans et al., 2007). The Job Demands-Resources (JDR) model (Bakker & Demerouti, 2007) rationalises the theoretical basis for the psychological capital and turnover relationship. It posits that job resources such as employees' psychological capital are essential to dealing with job

demands such as work pressure, unfavourable work environment, and emotionally demanding clients typically observed in MFI jobs. Thus, employees with high psychological capital feel more resourceful, and empowered and effectively cope with job demands and stress, reducing their intention to quit (Avey et al., 2009, 2011). Past research on employees from different industries, such as healthcare, hospitality, tourism, and education, has established the negative direct (Çelik, 2018; Dhiman & Arora, 2018) as well as indirect (Kim et al., 2017; Siu et al., 2015) relationship between psychological capital and turnover intention. However, past research has not tested this in the MFI context. Therefore, hypothesis 1 was formulated as follows:

H₁: Employees' psychological capital has a significant negative effect on their turnover intention.

Compassion is defined as the sympathetic consciousness of others' suffering and the desire to alleviate it (Dutton et al., 2014; Moon et al., 2015). It is a distinct component of public service motivation (PSM), which signifies the altruistic intentions of an individual to serve the public (Bright, 2008). Past research has established the impact of employees' PSM on turnover intentions (Bright, 2008; Naff & Crum, 1999), but has not incorporated compassion as a dimension of PSM. Very few studies have explored the role of employees' compassion in minimising their turnover intentions (Moon et al., 2015). These studies mainly focused on public service/government organisations (Kim, 2015), which presented contrasting results. Does employees' compassion affect their turnover intention in a highly service-oriented industry like microfinance, which focuses on providing financial services to the poor? To validate this, hypothesis 2 was framed as follows:

H₂: Employees' compassion has a significant negative effect on their turnover intention.

Job-related Factors

Person-job fit, work pressure, and emotional labour perceived by employees in their job at MFIs are the job characteristics hypothesised as determinants of turnover intention in this study.

Person-job fit indicates the congruence between an individual's characteristics (skills, knowledge, goals, values) and job requirements (Caldwell & O'Reilly, 1990; Kristof-Brown et al., 2005). According to the Theory of Work Adjustment, a Person-Environment Fit theory, an individual's behaviour is a function of his/her compatibility with the environment. A good fit with the job and working conditions results in positive behaviour, whereas a poor fit causes adverse outcomes (Berisha & Lajçi, 2020). Past research has established that employees' perceived compatibility with the job has a

significant influence on their performance, attitude, and behavioural outcomes, including turnover intentions (Avey et al., 2010; Islam et al., 2019; Kwon & Kang, 2019; Liu et al., 2010; Memon et al., 2015). Likewise, in a challenging workplace like MFI, the employees' perceived job fit can reduce their turnover intentions (Augustine, 2011). Therefore, hypothesis 3 was formulated as follows:

H₃: Employees' perception of person-job fit has a significant negative effect on their turnover intention.

Work pressure is the subjective reflection of an individual's psychological/physiological state during work. It is a significant job stressor that may vary depending on the employees' workload (work demands vs. time), capacity, resources, and support (Roe & Zijlstra, 2000). According to the Job Demand-Control-Support model, employees facing high psychological demands with low control over time experience severe work pressure, stress, and poor physical and mental health (Karasek et al., 1998). Past research has established work pressure as an influential factor causing employee turnover in the healthcare industry (Hung et al., 2018; Li et al., 2019; Wen et al., 2018; Yang et al., 2017). Similarly, in MFIs, employees generally face extreme pressure at their job involving client acquisition, disbursing loans, meeting deadlines and quotas, top management pressure, and working overtime to achieve the well-being of clients and organisation (Nagaraju & Reddy, 2016; Visconti, 2016). High work pressure over time drives employees to quit their job. Therefore, hypothesis 4 was formulated as follows:

H₄: Employees' perception of work pressure has a significant positive effect on their turnover intention.

Emotional labour refers to regulating, managing, and displaying appropriate emotional expressions when interacting with clients during work (Hochschild, 1983). Employees perceive high emotional labour as a result of emotional dissonance, which is induced by the conflict between how they express and experience it (Abraham, 1998; Morris & Feldman, 1996). Increased emotional labour causes the draining of mental resources and a feeling of incompetency, thereby resulting in negative attitudinal and behavioural consequences, including turnover intention (Lee, 2019; Walsh & Bartikowski, 2013; Zito et al., 2018). Working in MFIs, especially on the field, interacting with poor clients is an emotionally laborious job that requires employees to express appropriate emotions and behaviour. For instance, they need to hide their sympathy during debt collection, be calm and patient while dealing with poor and illiterate clients, select and offer services only to profitable clients, and firmly deny

services to unworthy poor people posing major liability/credit risk despite their dire needs. Thus, employees' job goals often conflict with their moral beliefs. This extreme emotional work for a prolonged period can induce turnover intention. Therefore, hypothesis 5 was developed as follows:

H₅: Employees' perception of emotional labour has a significant positive effect on their turnover intention.

Organisation-related Factors

The pay, rewards and promotion opportunities, supervisor support, and organisational support are the organisational HRM factors hypothesised as determinants of employees' turnover intentions in this study.

Recognition of employees' work in monetary (salary, incentives, bonus) and non-monetary terms (awards, motivational rewards, promotion, growth) is a crucial employee retention strategy (Kim, 2005). The equity theory (Adams, 1963) postulates that the equity perceived by employees at the workplace is a function of the work-compensation ratio, i.e., the degree of financial and non-financial benefits obtained for their contributions which ultimately determines their turnover intention (Ngo-Henha, 2017). According to Herzberg's Two-Factor Theory of Motivation, salary, rewards and career advancements are imperative motivational factors that boost employees' morale, and their absence will directly instigate employees' turnover intention (Chiat & Panatik, 2019; Jha, 2009). Extant literature has established a strong negative relationship between pay, rewards, promotion opportunities, and turnover intention (Hassan, 2014; Joseph et al., 2007; Kim, 2005). Therefore, hypothesis 6 was formulated as follows:

H₆: Employees' satisfaction with pay, rewards, and promotion opportunities has a significant negative effect on their turnover intention.

Supervisor support is the degree to which supervisors value the employees' contribution and care for their well-being (Eisenberger et al., 2002). It refers to the supervisor's supportive behaviours, such as helping employees at work, increasing their commitment, and providing recognition and development opportunities. The rationale of reciprocity stemming from Social Exchange Theory states that workplace interrelationships are governed by social rules and norms, implying that one treats others the way he/she is treated (Cook et al., 2013). From the Social Exchange Theory perspective, employees are connected by a network of relationships whose strength determines their intention to continue or quit their job (Holtom et al., 2008; Ngo-Henha, 2017). Thus, supervisors/team leaders/managers implicitly or explicitly being non-respectful and non-supportive of their subordinates can directly induce quitting

intentions. Past research in other industries established that supervisor support helps diminish the turnover intention of employees (Eisenberger et al., 2002; Jha, 2009; Kalidass & Bahron, 2015; Zito et al., 2018). Therefore, hypothesis 7 was framed as follows:

H_7: Employees' perception of supervisor support significantly negatively affects their turnover intention.

Organisational support is the extent to which employees experience favourable treatment from the organisation (Rhoades & Eisenberger, 2002). The relationship between organisational support and turnover intention is rationalised based on the Theory of Organizational Equilibrium and Social Exchange Theory, which advocate that the employees will continue as long as they receive equitable recognition and inducements from the organisation for their contributions (Cook et al., 2013; Holtom et al., 2008; Ngo-Henha, 2017). Past research shows empirical evidence of the positive consequences of organisational support, including lower employee withdrawal behaviour (Akgunduz & Sanli, 2017; Madden et al., 2015; Perryer et al., 2010). Therefore, hypothesis 8 was formulated as follows:

H_8: Employees' perception of organisational support significantly negatively affects their turnover intention.

Figure 1 presents the conceptual framework encapsulating the hypothesised determinants of the turnover intention of employees working in MFIs.

Figure 1 *Proposed Conceptual Framework*
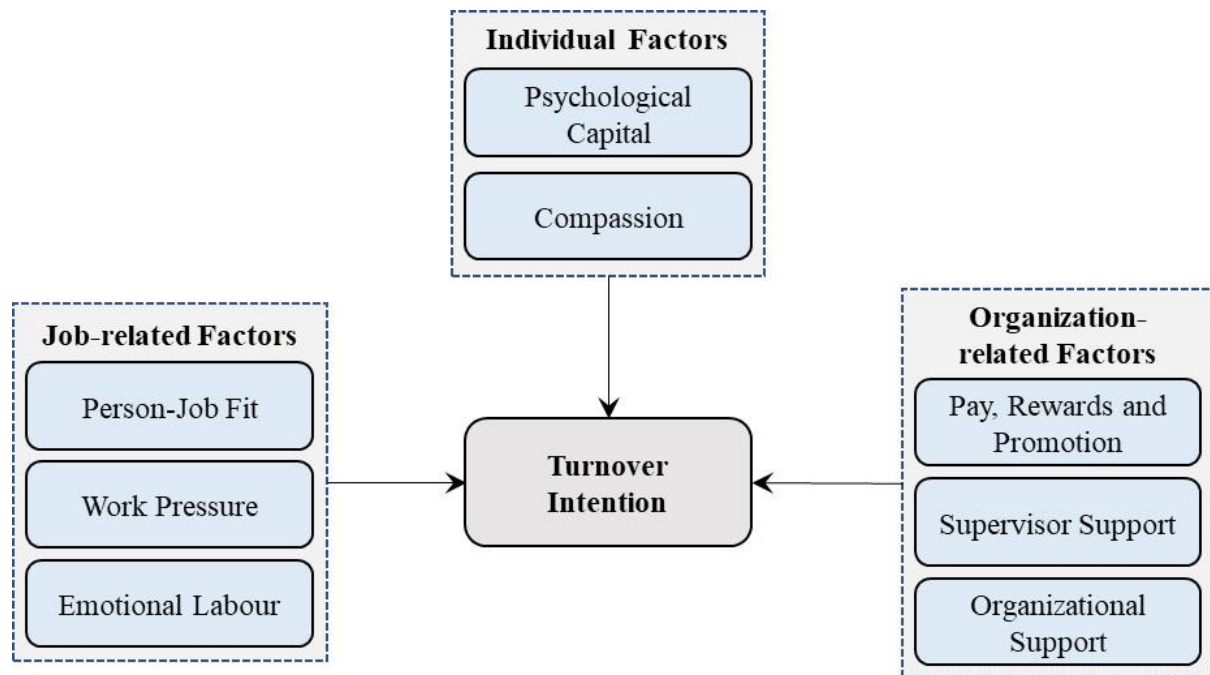
RESEARCH METHODOLOGY

Study Area

The study was conducted in Ranga Reddy district in Telangana, India. Formerly known as Hyderabad Rural, this district comprises the area surrounding Hyderabad, the capital of Telangana, a southern state in India. Over the years, Telangana has consistently been one of the top five states with the highest MFI penetration (~14 per cent of the female population and 7 per cent of the total population) (Champatiray et al., 2012). There are 11 MFIs headquartered in Telangana, with hundreds of branches operating across all districts (Devi & Shaikh, 2017), of which Ranga Reddy district is one of the most densely populated and backward districts. With a population of 25 lakhs, ~42 per cent of whom are rural, this district is a major utiliser and beneficiary of microfinance services. Since all leading MFIs have branches with hundreds of employees providing microfinance services in Ranga Reddy district, it is an appropriate sampling site for this study.

Sampling Procedure

The study sample consisted of employees from five top MFIs operating in Ranga Reddy district, i.e., Bharat Financial Inclusion Ltd (BFIL), Spandana Sphoorty Financial Ltd (SSFL), Share Microfin Ltd (SML), Asmitha Microfin Ltd (AML) and Bhartiya Samruddhi Finance Ltd (BFSL). The respondents were selected using the convenience sampling technique based on their consent and convenience.

Data Collection Tool

A structured questionnaire was designed to capture the employees' turnover intention and hypothesised determinants. The constructs investigated herein were measured using popular established scales from existing literature and modified to suit this study context. Two university professors and MFI managers assessed the scale content validity, which involved checking the items' relevance and eliminating inappropriate and redundant items.

Measures

We measured psychological capital using six items adapted from Luthans et al. (2007). Compassion was measured using four items derived from the compassion dimension of the public service motivation scale (Perry, 1996). Person-job fit was evaluated using Saks and Ashforth's (1997) four-item scale. Work pressure was assessed using four items developed by the researcher specifically for MFI employees. The four emotional dissonance items from the emotion work scale developed by Zapf et al. (1999) were used to measure emotional labour. Satisfaction with pay, rewards, and promotion was assessed using financial benefits items from Uddin et al. (2020). Supervisor support and organisational support were measured using six items from the job content survey (Karasek et al., 1998) and the perceived organisational support scale (Eisenberger et al., 2002). All items were measured using the 5-point Likert scale (1-strongly disagree to 5-strongly agree). To gauge the employees' definite possibility of quitting, the turnover intention was measured using a single item: "I am planning to quit my job in the near future," involving a binary yes or no response. The list of measures with scale items used in this study is presented in Appendix.

The researcher conducted an email survey where the link to the self-report questionnaire was sent to nine branch managers of the five MFIs considered in this study. The managers shared the survey with their employees, and those interested filled out the questionnaire. Overall, 159 valid responses were obtained, which were used for further analysis.

ANALYSIS AND INTERPRETATION

The data analysis was carried out using SPSS Statistics v26, which involved descriptive statistics, psychometric assessment of the construct scales, and logistic regression to validate the hypothesised conceptual framework.

Descriptive Statistics

The frequency analysis summarising the profile of the respondents is presented in Table 2. The sample consisted of only 21.4 per cent female employees, reflecting the ground reality of the gender gap in employment in MFIs. Despite the proven effectiveness of female leaders and staff in enhancing the performance of MFIs, there

is low female representation in the workforce due to the challenging job nature and work environment (Nourani et al., 2021). A study of 104 Indian MFIs by Ghosh and Guha (2019) confirmed this gender gap at all levels and found that women constituted on average, 23 per cent of top management (board of directors), 8 per cent of middle management (managers/supervisors) and 11.7 per cent of lower management (staff). The sample distribution also showed that almost 92 per cent of the respondents were below 51 years of age. In terms of income, only 7.5 per cent of the respondents earned above Rs.50,000/month, which is consistent with the compensation statistics of MFIs, indicating a lower average salary compared to other industries (Microfinance Compensation Study, 2020).

Table 2 *Profile of the Respondents*

	Characteristics	**Number of Respondents**	**Percentage**
Gender	Male	125	78.6%
	Female	34	21.4%
Age	<30 years	47	29.6%
	31-40 years	58	36.5%
	41-50 years	41	25.8%
	>50 years	13	8.2%
Income	<Rs. 10K	37	23.3%
	Rs.10K - 25K	64	40.3%
	Rs.25K - 50K	46	28.9%
	>50K	12	7.5%
Position	Field/front-line employee	53	33.3%
	Branch employee	65	40.9%
	Manager/Lead	41	25.8%
MFI	Bharat Financial Inclusion Ltd (BFIL)	47	29.6%
	Spandana Sphoorty Financial Ltd (SSFL)	35	22.0%
	Share Microfin Ltd (SML)	28	17.6%
	Asmitha Microfin Ltd (AML)	26	16.4%
	Bhartiya Samruddhi Finance Ltd (BFSL)	23	14.5%
	Total	**159**	**100%**

The frequency analysis result (refer to Figure 2) also showed that 74 respondents (46.5 per cent) often thought about quitting their job, a significantly high proportion indicating severe job dissatisfaction and withdrawal predisposition among employees working in MFIs.

Figure 2 *Distribution of Respondents based on their Turnover Intention*
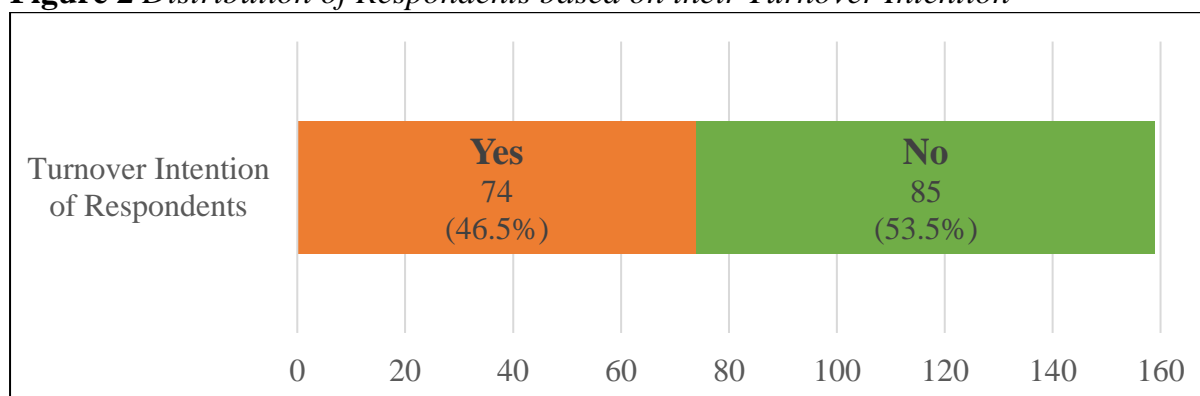
The overall mean values of the determinants presented in Table 3 showed that the respondents perceived very high work pressure (4.21) and emotional labour (3.33) in their job at MFIs. They were not satisfied with the pay, rewards, and promotion opportunities (1.95) and received dismal supervisor (2.02) and organisational support (2.90), indicating poor HR management in MFIs.

The independent sample t-test was conducted to analyse differences in determinants based on the respondents' turnover intention. The results presented in Table 3 revealed significant differences across all determinants except compassion. The respondents who intended to quit exhibited lower psychological capital and perceived lower person-job fit, financial benefits, supervisor, and organisational support. They also experienced higher work pressure and emotional labour in their jobs compared to those who did not intend to quit.

Table 3 *Testing Differences in Determinants based on Respondents' Turnover Intention*

	Determinants	Overall Sample (n=159)	Turnover Intention		t-value	Sig. (p-value)
			Yes (n=74)	No (n=85)		
Individual factors	Psychological Capital	3.58	3.38	3.81	-3.649	0.000
	Compassion	2.91	2.83	2.98	-0.775	0.440
Job-related factors	Person-Job Fit	3.03	2.64	3.37	-8.272	0.000
	Work Pressure	4.21	4.53	3.93	7.299	0.000
	Emotional Labour	3.33	3.64	3.06	3.897	0.000
Organisation-related factors	Pay, rewards & Recognition	1.95	1.62	2.24	-6.869	0.000
	Supervisor Support	2.02	1.65	2.34	-7.629	0.000
	Organisational Support	2.90	2.47	3.27	-8.465	0.000

Psychometric Assessment of Adopted Scales

Exploratory factor analysis (EFA) and Confirmatory factor analysis (CFA) were used to assess the factor structure and construct validity of the scales adopted in this study (Hair et al., 2006; Nunnally & Bernstein, 1994). The EFA of 39 scale items carried out using the principal components method and varimax rotation revealed an eight-factor structure where six items with low factor loadings (<0.4) or high cross-loadings (>0.4) were eliminated (Hair et al., 2006). The remaining items were again subjected to EFA, which yielded an eight-factor structure with 33 items. The factor solution explained 82.1 per cent of the variance in the data and exhibited a KMO measure of sampling adequacy of 0.789, indicating an adequate sample size for factor analysis. The convergent validity of the factor structure was assessed using Average Variance Extracted (AVE), Composite Reliability (CR), and Cronbach's alpha reliability coefficient, as presented in Table 4. The AVE for the factors ranged from 0.522 to 0.787, which was above the prescribed threshold of 0.5. The CR estimates ranged from 0.813 to 0.928, and Cronbach's alpha varied from 0.824 to 0.944, which was above the acceptable limit of 0.7 (Fornell & Larcker, 1981; Hair et al., 2006; Nunnally & Bernstein, 1994). Since all measures were above the recommended levels, the factors/constructs exhibited adequate reliability and convergent validity.

Table 4 *Exploratory Factor Analysis – Convergent Validity Results*

Constructs	Items	Factor Loadings	Average Variance Extracted	Composite Reliability	Cronbach's Alpha
Psychological Capital	Confident in analysing problems to find the solution	0.702	0.522	0.813	0.824
	Recovering during setback at work	0.748			
	Ability to manage difficulties at work	0.800			
	Optimism during challenges at work	0.630			
Compassion	Moved by the plight of underprivileged	0.886	0.787	0.917	0.879
	Emotional when seeing people in distress	0.888			
	Compassion for people	0.887			
Person-Job Fit	Knowledge and skills match job requirements	0.865	0.711	0.908	0.930
	This job fulfills my needs	0.832			
	This job is a good match for me	0.843			
	This job enables me to do the work I want to do	0.833			
Work Pressure	Working hours are long and inflexible	0.795	0.664	0.888	0.939
	Huge workload with little time	0.783			
	Unrealistic expectations	0.840			
	Unmanageable pressure	0.840			
	Suppress my feelings at work	0.849	0.763	0.928	0.909

Constructs	Items	Factor Loadings	Average Variance Extracted	Composite Reliability	Cronbach's Alpha
Emotional Labour	Display emotions contrary to inner feelings	0.838			
	Display positive emotions	0.905			
	Forced to show certain feelings	0.900			
Financial Benefits	Salary based on performance	0.789			
	Rewards and incentives	0.818			
	Salary increment	0.880	0.673	0.911	0.930
	Promotion opportunities	0.786			
	Satisfaction with financial benefits	0.826			
Supervisor Support	Concerned about subordinates' welfare	0.821			
	Helpful at work	0.794	0.671	0.891	0.944
	Gives credit for hard-work	0.822			
	Supports in case of problems	0.839			
Organisational Support	Cares about my well-being	0.802			
	Cares about my work satisfaction	0.805			
	Extends help to perform better	0.795	0.665	0.908	0.942
	Fails to appreciate the extra effort	0.826			
	Not paying what I deserve	0.848			

The discriminant validity was assessed by comparing the AVEs and inter-factor correlations. As presented in Table 5, the factors/constructs possessed adequate discriminant validity since the square root of AVE estimates of the factors were higher than the corresponding correlations with other factors (Fornell & Larcker, 1981).

Table 5 *Exploratory Factor Analysis – Discriminant Validity*

Constructs	Psychological Capital	Compassion	Person-Job Fit	Work Pressure	Emotional Labour	Financial Benefits	Supervisor Support	Organisational Support
Psychological Capital	**0.723**							
Compassion	0.073	**0.887**						
Person-Job Fit	-.378**	0.007	**0.843**					
Work Pressure	.459**	-0.041	-.504**	**0.815**				
Emotional Labour	.186*	0.065	-.282**	0.096	**0.874**			
Financial Benefits	-.450**	-.175*	.352**	-.488**	-.196*	**0.821**		
Supervisor Support	-.537**	0.069	.344**	-.508**	-0.074	.444**	**0.819**	
Organisational Support	-.515**	-0.075	.442**	-.450**	-.164*	.465**	.567**	**0.815**

Note. Diagonal elements in **bold** are sq root of AVE estimates; non-diagonal elements are correlation coefficients

The next step was CFA, which further validated the psychometric properties of the scales. A measurement model comprising eight factors with 33 items obtained from EFA was built and estimated using the maximum likelihood (ML) method in SPSS AMOS v26. The evaluation of model fit using fit indices ($\chi 2_{(467)}$ = 1497.39, p = .000; GFI = .886; AGFI = .823; CFI = .905; NFI = .842; IFI = .907; SRMR = .05; RMSEA = .067) indicated an acceptable model fit (Schermelleh-Engel et al., 2003). The reliability and validity tests were conducted similarly to EFA, and all measures, i.e., factor loadings, AVE, and CR estimates, were above the recommended levels. Thus, the measurement scales adopted for this study's eight constructs (determinants) exhibited adequate validity and reliability. After assessing the psychometric properties of the scales, the responses of corresponding scale items were averaged to produce combined scores for each determinant which were used for subsequent analysis.

Binary Logistic Regression Analysis

The binary logistic regression was performed to validate the hypothesised determinants of the turnover intention of employees working in MFIs. The dependent variable was a binary response (yes/no) indicating the employees' intention to quit, whereas all hypothesised determinants were independent variables. The estimation results presented in Table 6 include estimated coefficients (β), odds ratio (e^{β}), and statistical significance (p-value) of independent variables. Regarding the goodness-of-fit measures, the model's classification accuracy is 91.2 per cent, indicating that the model can correctly predict the outcome of 91.2 per cent of the cases, while Nagelkerke R Square is 0.772, signifying that the model fits the data well. Hosmer and Lemeshow Test is another way of testing overall model fit where the insignificant p-value (0.653) indicates a good fit.

Table 6 *Logistic Regression Results*

Constructs	Estimated Coefficients (β)	Odds Ratio ($e^β$)	Sig. (p value)
Psychological Capital	-3.009	0.049	0.000
Compassion	-0.287	0.750	0.243
Person-Job Fit	-1.839	0.159	0.002
Work Pressure	1.534	4.639	0.022
Emotional Labour	0.791	2.206	0.013
Financial Benefits	-3.071	0.046	0.001
Supervisor Support	-2.808	0.060	0.000
Organisational Support	-2.35	0.095	0.000
Constant	2.559	12.928	0.000
Goodness of fit measures			
% of correct classification	91.2		
Nagelkerke R Square	0.772		
Hosmer and Lemeshow Test	5.948		0.653

Note. Dependent variable: Turnover Intention

The estimation results showed that seven out of eight hypothesised determinants were found to have a significant effect on respondents' turnover intention since their p-value < 0.05. The hypothesis test results and crucial research implications are summarised in Table 7.

Job-related factors (Hypothesis 3, 4, 5 validated)

The job-related factors emerged as the most important predictors of respondents' turnover intention. Work pressure influenced the most with a significant positive effect ($e^β = 4.639$), implying that for every unit increase in respondents' work pressure, there is 4.64 times more likelihood of them intending to quit the job. Although there are no prior empirical studies on work pressure in MFIs, this finding is consistent with past research in the healthcare sector where higher work pressure directly influenced the employees' turnover intentions (Hung et al., 2018; Li et al., 2019; Wen et al., 2018; Yang et al., 2017). Emotional labour also had a significant positive effect ($e^β = 2.206$), signifying that when respondents perceived higher emotional labour during their job, they were more likely to quit. This result is highly conceivable regarding microfinance jobs which can be emotionally draining since it involves managing poor/underprivileged clients. This validation is also analogous to past findings on emotional labour across different industries (Lee, 2019; Zito et al., 2018). Person-job fit was found to have a significant negative effect ($e^β = 0.159$) on respondents' turnover intention indicating that when respondents perceived better job fit, they had lower turnover intention. This result corresponds with past studies on person-job fit, which

established that employees' perception of job compatibility increases job satisfaction and tenure (Avey et al., 2010; Islam et al., 2019; Kwon & Kang, 2019).

Individual factors (Hypothesis 1 validated; Hypothesis 2 rejected)

Psychological capital significantly negatively affects (e^β = 0.049) respondents' turnover intentions. It corroborates past research on psychological capital as employees' inherent or nurtured capability, which acts as a deterrent to their quitting behaviour (Çelik, 2018; Dhiman & Arora, 2018). However, compassion did not significantly affect respondents' turnover intentions. The rationale that higher compassion among MFI employees will diminish their turnover intention did not hold. It might be because compassionate and caring employees often face moral and ethical dilemmas, making them feel stressed and powerless in MFIs' emotionally hostile working conditions dealing with poor/underprivileged people.

Organisation-related factors (Hypothesis 6, 7, 8 validated)

The organisation-related factors had a significant negative effect on respondents' turnover intentions, where satisfaction with pay, rewards, and promotion had a higher impact (e^β = 0.046), followed by supervisor support (e^β = 0.060) and organisational support (e^β = 0.095). Analogous to past research in other industries (Hassan, 2014; Joseph et al., 2007; Kim, 2005), this study substantiated financial benefits and recognition as one of the most influential factors affecting employee turnover in MFIs. The results also validated the importance of the employee-employer relationship (Eisenberger et al., 2002; Ngo-Henha, 2017; Rhoades & Eisenberger, 2002), asserting that social support and interrelationships at the workplace, specifically with supervisor, top management, and organisation as a whole determine employees' turnover intentions.

1 **Table 7** *Summary of Hypothesis Test Results and Research Implications*

Hypothesis	Determinant of Turnover Intention	Hypothesis Test Result	Theoretical Implication	Managerial Implication/ Recommendation
H_1	Psychological Capital	Validated	Validation of Job Demand-Resources theory • For MFI jobs, employees' psychological capital is a crucial personal resource essential to deal with job demands and stress, reducing the withdrawal intention.	• Psychological capacity, personality, attitude, and stress tests should be part of the hiring process in MFIs.
H_2	Compassion	Not validated	Unlike public service jobs, employees' compassion trait does not affect turnover intention in the case of MFI jobs.	-
H_3	Person-Job Fit	Validated	Validation of Person-Environment Fit theory • For MFI jobs, employees' positive perception of their job fit is essential to improve job performance and longevity.	• Job compatibility assessment is essential during the hiring process to select the right employees. • Applicants must be provided with complete job design information for an accurate perception of job compatibility.
H_4	Work Pressure	Validated	Validation of Job Demand-Control-Support theory • Higher work pressure (high demands with low control and resources) induces stress and withdrawal behaviour.	• The bottom-up approach must be used by managers to set realistic targets. • Employees must be consulted in determining work targets to improve their engagement and commitment.
H_5	Emotional Labour	Validated	Validation of Emotional labour – withdrawal behaviour relationship (Grandey's model) • High emotional labour at the workplace causes turnover among MFI employees.	• Emotional Intelligence (EI) assessment is essential during recruitment. • Regular mental capacity and EI training can improve employees' emotional labour management skills.

H_6	Pay, Rewards, and Promotion	Validated	Validation of Equity theory and Herzberg's Motivation theory • Financial benefits and recognition are the most important motivational factor for employee retention in MFIs.	• Employee compensation is considerably low in MFIs, specifically for lower and middle management. • The financial benefits should be at par with other financial/banking institutions to reduce the high attrition rate.
H_7	Supervisor Support	Validated	Validation of Theory of Organizational Equilibrium and Social Exchange theory • The employee-employer relationship is governed by the rationale of reciprocity.	• The employee-employer relationship should be strengthened. • Managers should ensure a fearless and friendly working environment through effective communication, transparency, motivation, care, and recognition.
H_8	Organisational Support	Validated		

2

CONCLUSION AND RECOMMENDATIONS

This study, a first-of-its-kind to explore the turnover intention of employees working in Indian MFIs, found that 46.5 per cent of the respondents often thought about quitting their job, indicating their grave dissatisfaction with HR management practices in their organisation. The study also identified various individual, job-related and organisation-related factors that directly influenced respondents' turnover intention. The results offer numerous theoretical and managerial implications, as presented in Table 7. The bottom line is that although MFIs provide financial services to the poor to help them improve their economic stability and standard of living, which may sound like social welfare/service, it is ultimately a business run by a private enterprise. MFIs have funding support from investors, donors, and government subsidies, but they will not reinvest or continue in the business if it fails to provide the expected returns. Hence, to maintain their profitability and longevity, MFIs need to focus on developing, training, and retaining their most indispensable asset, i.e., human resources that form the critical link between the clients and the institution. This study helped shed some light on the employees' turnover intentions in MFIs and suggested appropriate recommendations.

Effective Recruitment, Selection and Training

In highly labour-intensive and service-oriented MFI jobs, recruitment of suitable employees is of utmost importance as their inherent attributes play a vital role in determining turnover intention. Since employees with higher psychological capital and better fit can perform better and sustain longer, the HR department should recruit and train the right employees for the right job. Appropriate personality, psychological capacity, and stress tests should be part of the hiring process, and complete job design information (duties, responsibilities, qualifications, and work environment) must be provided to the employees to accurately perceive their job compatibility. Besides, emotional intelligence (EI) assessment must be conducted during recruitment since employees with high EI have good emotion regulation and social networking skills making it easier to manage emotionally laborious tasks such as client interaction, motivation, and debt recovery. The lower/field level employees should also undergo regular mental capacity and EI training to improve their emotional labour and stress management skills. Job rotation must be mandatory for field employees who can switch between fieldwork and desk jobs to break the monotony, diversify the workload and acquire multiple skills. The top management can solve most HR challenges through effective recruitment and training practices.

Bottom-up Approach to determine Workload and Targets

Employees' job in MFIs, especially at the field level, is inherently stressful and face considerable work pressure and emotional labour in their day-to-day work dealing with poor clients. The top management and supervisors need to assign optimal workloads and manageable deadlines to the employees to reduce their daily work stress since accrued pressure over time can certainly lead to higher attrition. Work targets should not be determined only through a top-bottom approach. They should be realistic and systematically designed for different tasks such as client acquisition, loan disbursement, debt collection, etc. The managers should consult their subordinates and mutually determine work targets to enhance their engagement and commitment.

Equitable Compensation

Like any other industry, financial benefits determine the longevity of employees in MFIs. However, the attrition rate in MFIs is almost double, primarily due to poor compensation and incentives compared to other sectors, especially for lower management employees. Citing high operating costs, MFIs offer very low salaries causing continuous attrition, which in turn results in direct and indirect turnover costs turning into a vicious cycle (low salary → high turnover → attrition costs → low salary). In MFIs, human resource is the most important asset as well as the source of costs. To retain efficient employees and reduce attrition costs, it is criticla to offer a competitive salary in addition to timely rewards, performance-based incentives, salary increments, and promotion. The higher the financial benefits perceived by the employees, the higher their psychological motivation to perform better and stay longer, which eventually improves the sustainability of the organisation.

Social Support at Workplace

Social support at the workplace has a positive influence on employees and the organisation in terms of strong interrelationships, better communication, performance, and feel like they belong, which reduces work stress and emotional exhaustion. The supervisors and organisation as a whole should support their employees by providing necessary logistic, financial and psychological resources, motivation, and recognition, besides showing care and concern for their well-being. Employees function on the principle of reciprocity, insinuating that only a healthy employee-employer relationship with mutual benefits and understanding can flourish and last longer. It is highly relevant for front-line employees in MFIs who handle the most workload and pressure but gets the least importance, compensation, and recognition. They often feel that they are easily replaceable and worthless. The supervisors and management should give them due respect and acknowledge their hard work and contribution to diminish their withdrawal behaviour.

Retaining employees at this age is a mammoth task, and turnover, to some degree, is acceptable as a constructive change, but too much can crush the business. The magic mantra is to select and hold on to your best human resource by providing them with a perfect blend of adequate resources, financial benefits, recognition, career progression, and social and organisational support.

LIMITATIONS AND FUTURE RESEARCH DIRECTIONS

This study was conducted using a smaller sample of employees working in MFIs in Ranga Reddy district, Telangana. Besides, the respondents were selected using convenience sampling, a non-probability sampling technique. Hence, necessary caution must be exercised before generalising the results to other regions and MFIs. The eight constructs considered as determinants in this study are based on the researcher's literature review and research. In reality, there can be numerous other factors influencing employee turnover intentions, which is beyond the scope of this study.

Future research can focus on validating the determinants of MFI employees' turnover intentions from other Indian states and can further compare their turnover rates and determinants. Researchers can also test the effect of the determinants on actual turnover in MFIs. An in-depth attrition study can be conducted for different jobs in MFIs to understand better the differences in employees' perceptions, challenges, and turnover to find job-specific solutions.

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APPENDIX

Table A *Measures of constructs used in the study*

Variables	Measures/Items
Psychological Capital (Luthans et al., 2007)	I feel confident analysing a long-term problem to find a solution.
	I feel confident helping to set targets/goals for myself.
	If I find myself in a jam, I could think of many ways to get out of it.
	When I have a setback at work, I have trouble recovering from it, moving on*
	I usually manage difficulties one way or another during work.
	I always look on the bright side of things during my work.
Compassion (Perry, 1996)	I am rarely moved by the plight of the underprivileged*
	It is difficult to contain my feelings when I see people in distress.
	I seldom think about the welfare of people whom I don't know personally*
	I have little compassion for people in need who are unwilling to take the first steps to help themselves*
Person-Job Fit (Saks & Ashforth, 1997)	My knowledge, skills and abilities match the requirements of the job.
	This job fulfils my needs.
	This job is a good match for me.
	This job enables me to do the kind of work I want to do.
Work Pressure (Self-created)	The working hours are long and not flexible.
	I generally have a huge workload and very little time to complete it.
	I have to meet unrealistic expectations at work.
	The pressure at work is often unmanageable.
Emotional Labour (Zapf et al., 1999)	I often need to suppress my feelings at work.
	I need to display emotions that do not correspond to my inner feelings.
	I have to display positive emotions even while feeling indifferent.
	I force myself to show certain feelings to get the job done.
Satisfaction with Pay, Rewards and Promotion (Uddin et al., 2020)	I get a salary raise based on my performance.
	My job is fairly evaluated by giving rewards and incentives.
	I am satisfied with my salary increment.
	There is an opportunity for promotion.
	I am satisfied with the overall financial benefits.
Supervisor Support (Karasek et al., 1998)	My supervisor is concerned about the welfare of subordinates.
	My supervisor exposes me to hostility and conflict*
	My supervisor helps get the job done.
	My supervisor gives me credit for things I do well.
	My supervisor backs me up if there is a problem.
	My supervisor appreciates me.
Organisational support	My organisation cares about my well-being.
	My organisation cares about my general satisfaction at work.

(Eisenberger et al., 2002)	My organisation cares about my opinions.
	My organisation is willing to extend help to perform my job to the best of my ability.
	My organisation fails to appreciate any extra effort from me*
	My organisation is unconcerned about paying me what I deserve*

Note. * Reverse coded

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