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Employee Turnover in MFIs: Reasons & Remedies

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Abstract

At present day's employee turnover is one of the challenging issues in microfinance sector of Bangladesh. Excessive turnover is not only pricey, but it can create a bad reputation in the MFI sector and among the job seekers. Excessive turnover may be harmful to an MFI's productivity if experienced and efficient employees are often departing and the employee encompasses a high percentage of beginners. The impact of turnover has received substantial attention by the senior management and human resources professionals of the sector. So it is time demand to know the reasons those influence employee turnover and also know the remedies how we can reduce the rate of employee turnover rate. So an attempt was taken by this study to know the reasons and remedies of employee turnover in microfinance sector of Bangladesh. The study found that the average turnover rate of permanent employees in nine reputed MFIs in 2012, 2013 and 2014 were respectively 13.79%, 12.74% and 10.96% and the average turnover rate of contractual employees in seven MFIs in 2012, 2013 and 2014 were respectively 25.43%, 21.92% and 15.93%. The major reasons for employee turnover are: salary and other financial benefit are comparatively less than other MFIs; terminated for corruption or fraudulent; terminated for violation of service rules; no overtime financial benefit; excessive working load; transfer to distant district from home district; for family reason; not having promotion after being deserve it etc. The key remedies for reducing employee turnover are: should fix up a competitive salary and other financial benefit harmonizing with the other competitor MFIs; promotion and salary increment policy should be transparent; should have provision of proper reward for good work and proper punishment for ill work in MFIs; should have financial benefit for overtime work; having automation and online network facilities in all branches; to provide necessary job related training to a new recruited employee; having facility of leave encashment; having provision of financial support or loan for employee at the time of his emergency, transfer to nearest district from home district etc.

Key Words: Employee Turnover, MFIs, Bangladesh, Turnover Rate, Reasons, Remedies

JEL classifications: G21, J28, M52

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Introduction

Bangladesh is the pioneer country in contemporary microfinance in the world. Microfinance in Bangladesh is practiced by Non-Government Organizations (NGOs), Grameen Bank, state-owned commercial banks, private commercial banks, and specialized programs of some ministries of Bangladesh government. According to Microcredit Regulatory Authority (MRA), as of June 2014 total loan outstanding is around BDT 403 billion (including Grameen Bank, 10 Government project and Commercial Banks) savings BDT 237 billion in the microfinance sector of Bangladesh. Total number of members of this sector is 33.73 million (including 8.62 million clients from Grameen Bank) that accelerates overall economic progress of Bangladesh.

Microfinance product in Bangladesh can be categorized into five broad groups: i) general microcredit for moderate poor, ii) microenterprise loans for graduate member or non-poor member, iii) loans for ultra-poor member, iv) seasonal loans for seasonal business and agriculture and v) loans for disaster experienced member for restoration. In most of the microfinance institutions (MFIs) loan amounts up to BDT 30,000 are generally considered as microcredit; above this amount are deemed as microenterprise loans. The highest limit of microenterprise loans of Palli Karma-Sahayak Foundation (PKSF) partner organizations (POs) is BDT 10,00,000. So at present microcredit are not micro (small) credit, it something more than the previous concept.

Table-1 shows the overall trend of microfinance statistics in Bangladesh. Bangladesh's microfinance sector continues to contribute towards enhancement of macroeconomic growth of the country. According to MRA, total outstanding loan of this sector (only licensed MFIs) has increased by 21 percent from BDT 211 billion in June 2012 to BDT 257 billion in June, 2013 and 8 percent from June, 2013 to June, 2014 which is BDT 278 billion disbursed among 19.98 million poor people, assisting them to be self-employed and accelerating overall economic development process of the country. The total savings has also enhanced by 24 percent from BDT 75.20 billion in June 2012 to BDT 93.99 billion in June 2013 and 20 percent from June, 2013 for June, 2014 which is BDT 299 billion among 25.17 million members.

According to MRA, microfinance sector has created direct job opportunities for over 1,14,644 people at June 2014 among them 81 percent are male and 19 percent are female. The sector had outstanding loans of BDT 278 billion disbursed to 19.98 million borrowers, and had accumulated BDT 112 billion as savings from around 25.17 million clients. Among them, over 93 percent of them are women who get the services through more than 16,000 branches, by 676 NGO-MFIs licensed by MRA.

Table 1: Basic Statistics of NGO-MFIs in Bangladesh

Particulars	June 2010	June 2011	June 2012	June 2013	June 2014
No. of Licensed NGO-MFIs	516	576	590	649*	676*
No of Branches	17,252	18,066	17,977	14,674	16,991
No. of Employees	109,597	111,828	108,654	110,734	114,644
No. of Clients (Million)	25.28	26.08	24.64	24.60	25.17
No. of borrowers (Million)	19.21	20.65	19.31	19.27	19.98
Amount of Loan Outstanding (BDT. Millions)	145,022.66	1,73,797.60	211,283	257,010	278,017
Amount of Savings (BDT. Millions)	51,362.93	63,304.44	75,206	93,990	112,991

*Total Licensed NGO-MFIs was 697 but only 676 submitted MIS report to MRA.

Source: MRA-MIS Database-2014

All the thing narrated above is very much optimistic. From the above table, we come to know that 25.17 million people of Bangladesh are the member of different MFIs, among them 19.98 million poor people took credit from these institutes. All of we are aware that by providing microcredit, these MFIs help those poor who are captive in the vicious cycle of poverty and also those people who are incapable to expand their business activities for the lack of capital. Microcredit solely helps a number of people to come out from the domain of poverty. In a study of Institute of Microfinance led by Professor S.R. Osmani, we have seen that microcredit solely reduced 4% poverty in Bangladesh for a period of time. Beside this study, lots of studies were held to prove the positive benefit of microcredit to its members. But the people who help the poor people to show the exit way of poverty, are themselves captive in the vicious cycle of poverty. Most of the field level employees of maximum MFIs are moderately educated and their socio-economic conditions are not so better than the poor people whom they helped. These people are low paid and bear most of the job stress. But it is a matter of great regret that there is no study has done yet to know their condition and why the MFIs' employees change their job frequently or leave the industry forever. So an attempt is taken by this study to know the reasons and remedies of employee turnover in Bangladeshi MFIs and a belief is working in mind that this study may help policy makers and practitioners to take some steps for the betterment of MFIs' employees.

Rationale of the Study

It is considered to be an essential task in contemporary competitive Microfinance world, to manage employee turnover for any MFIs. Naturally people love assortment in his everyday life; search for new and challenging jobs and better working atmosphere. Providing these facilities to the employees in an economic way is very hard and unwieldy. But it is also important for any MFIs to retain its efficient employees. The impact of turnover has acquired substantial concentration by the senior management of MFIs. The intention of every MFI wished to have higher productivity, fewer turnovers and to become profitable and sustainable. To achieve the goal of sustainability managing turnover successfully is must for an MFI.

Though the issue is very much crucial for the microfinance sector, but very few studies were made about this issue throughout the world. It is a matter of great regret for Bangladesh Microfinance Sector that there is no evidence is found in the domain of internet to do any kind of study regarding this issue but Bangladesh is the pioneer nation of contemporary microfinance. So an endeavor is taken through this paper to scrutinize the issue.

Purpose of the Study

The purpose of this study is principally to assist Bangladeshi MFIs in retaining their employees by investigating the reasons considered to be accountable for their turnover and find out the remedies of reducing employee turnover:

The purposes of the study are mentioned below:

1. To have an idea about employee turnover rate in MFIs in Bangladesh based on few reputed MFIs
2. Investigate the reasons considered to be accountable for employee turnover
3. Recommend a number of practical and relevant remedies to reduce employee turnover rate.

Methodology of the Study

At the very beginning of the study a brain storming session was arranged to identify the reasons considered to be responsible for employee turnover and find out practical and relevant remedies to reduce employee turnover rate where 15 mid-level officials of different MFIs were attended. The purpose of arranging this brain storming session was getting fuel to develop a structured questionnaire to address the issue. In this brain storming session, we have found 26 reasons; those are considered to be responsible for employee turnover. The reasons are as follows:

1. Salary and other financial benefit is comparatively less than other MFIs
2. Irrational target of overdue loan collection
3. Irrational target of loan disbursement
4. Transfer to distant district from home district
5. Does not provide necessary leave
6. Does not provide necessary job related training
7. Misbehave of superior officer
8. Frequently compel to do irrational work
9. Does not have cooperation of colleague in official work
10. Not having promotion after being deserve it
11. Not having other financial benefits (increment/provident fund/ gratuity) after being deserve it
12. Job has no proper social respect
13. Not having proper evaluation of assigned task
14. No overtime financial benefit
15. Less access in necessary office related information
16. Sickness
17. Death
18. Excessive working load
19. Terminated for violation of service rules
20. Terminated for corruption or fraudulent
21. For family reason
22. No opportunity for career growth or promotion
23. Not having financial support or loan at the time of emergency
24. Threat of powerful person in working area
25. Money deduction from salary for overdue loan
26. Sexual harassment of colleague

A number of practical and relevant recommendations were come out from this brain storm session to reduce employee turnover rate. The recommendations were as follows:

1. Salary and other financial benefit should be similar with other MFIs
2. Financial benefit for overtime work
3. Specific working hour
4. To inform a new recruited employee about financial and non-financial benefit of the job

5. To provide necessary job related training to a new recruited employee
6. Promotion and salary increment policy should be transparent
7. Provide necessary leave
8. Facility of leave encashment
9. Should not have any kind of discrimination regarding job
10. Severe punishment for sexual harassment
11. Have provision of proper reward for good work and proper punishment for ill work
12. Creating cooperative environment among colleagues
13. Provision of financial support or loan for employee at the time of emergency
14. Having automation and online network facilities in all branches
15. Transfer to nearest district from home district
16. Fix up rational target in overdue loan collection & loan disbursement
17. Increase social respect of the job by informing general mass about the social welfare activities of the MFIs
18. No money deduction from salary for overdue loan

Based on this brain storming sessions, a structured questionnaire was constructed for field survey to examine what the different level of employees of different MFIs think about these reasons and remedies. Sixty-five (65) different level of employees of fifty-two (52) MFIs from thirty (30) districts of Bangladesh participated in this field survey. This survey was done in period of September-October 2015. *During the survey these employees are participated spontaneously, they said, "Please do something for us. All the people are worried for the beneficiaries of microfinance. Nobody is worried for MFIs' employees."*

Beside this field survey, an attempt was taken to acquire opinion of high officials of fifteen (15) reputed MFIs related to human resource management (HRM). But only eleven (11) MFIs cooperated to provide their opinion and HR related information, among them few are unable to provide few information for their working pressure before writing the report, though they are very much interested to provide the information. The following MFIs assisted in providing their opinion and HR related information:

1. TMSS
2. Young Power in Social Action (YPSA)
3. Wave Foundation
4. UDDIPAN
5. Society for Development Initiatives (SDI)
6. Muslim Aid, Bangladesh
7. Jagorani Chakra Foundation (JCF)
8. Community Development Centre (CODEC)
9. DAM Foundation for Economic Development (DFED)
10. Development Initiative for Social Advancement (DISA), Comilla
11. PDIM Foundation

Few key features of participated MFIs are narrated below:

Table 2: Key Features of MFIs Provided HR Related Information

Organization	Outstanding	Member	No. of Branch
TMSS	13218279152	813790	606
YPSA	331749961	26333	22
Wave Foundation	1352899502	13964	81
UDDIPAN	5676256328	427516	271
SDI	1425895258	94747	56
Muslim Aid	500000000	50000	30
JCF	7822022407	453556	287
CODEC	1231822177	11643129	94
DFED	671205089	75836	56
DISA	820000000	55000	37
PIDIM	759473354	42786	33

Source: HR of Respective MFIs

Note: Period of data collection is September-October 2015

Collected data through surveyed questionnaire was analyzed by using simple spread sheet analysis, MS Excel 2007 and statistical software package STATA 12.

Limitation of the Study

The limitations of the study are mentioned below:

- a) The sample size was very small in capturing the issue.
- b) By taking information from eleven MFIs, it is very difficult to comment about the employee turnover rate of the sector but it may provide an essence to the future researcher of the issue.
- c) For the shortage of time and resource constraint the study is not capable
 - To study the HR polices and systems of the MFIs
 - To determine the impact of employee turnover on the MFIs

Hope this issue may be studied by future researcher of this issue.

Definition of Turnover

According to Chartered Institute of Personnel and Development (CIPD) employee turnover means the proportion of employees who depart from an institution over a period of time (often one year), expressed as a percentage of entire workforce. It includes all departed employee, both voluntary and involuntary, including those who resign, retire or are made redundant.

F. John Reh described when employees depart from an institution and have to be replaced, that can be considered as employee turnover. A number of turnovers are inevitable, but too much turnover can wreck a company. Some employees will always retire, move away or leave the workforce. This level of turnover is not only inevitable, but also it can be beneficial for an institution. It brings new employees into the institution with new thoughts.

Ross Tripp explained turnover is the act of replacing an old employee with a new one. Replacement may occur for retirement, death and resignations. An organization's turnover is calculated as a percentage rate, which is considered as turnover rate. Turnover rate is the percentage of employees in a workforce who exit during a period of time. Principally organizations measure their turnover rate during a fiscal or calendar year.

Therefore, from the above discussion it can be finalized that the sum of employees resigns from their position of an institution willingly and the employees are discharged by their employer against their will from the total workforce in a particular year is called employee turnover. Employee turnover rate is calculated by using the following formula:

$$\text{ETR} = \frac{\text{NVL} + \text{NIL}}{\text{TNE}} \times 100$$

Here,

ETR= Employee Turnover Rate

NVL=Number of Voluntary Leave in a Particular Year of an Organization

NIL= Number of Involuntary Leave in a Particular Year of an Organization

TNE= Total Number of Employee in a Particular Year of an Organization

Types of Turnover

Employee turnover can be classified into following two categories:

Voluntary Turnover

According to Ross Tripp, it occurs when an employee voluntarily chooses to resign from an institution. Voluntary turnover can be potentially expensive to an institution and could be the consequence of a more tempting job offer or lack of opportunities in career growth. Too much turnover is not only expensive, but it can also give an organization a bad reputation. High turnover may be detrimental to a company's productivity if the efficient employees are often departing and the working population contains a high percentage of beginners.

According to Ehow, voluntary turnover occurs when employees leave of their own will. Employees who retire, resign or simply exit from the institution for other reasons are considered in turnover analyses as voluntary turnover. Attrition is often considered as a part of turnover analysis. HR experts explain attrition as a declining in the workforce via voluntary exits. The distinction between attrition and voluntary turnover is that employers do not replace employees who depart through attrition. While some instances of voluntary turnover may happen because employees are displeased, a number of employees resign for reasons independent to working conditions such as, employees who depart their jobs to travel with spouses.

From the above definition it can be sum up that when an employee resign from his position of an institution willingly is called voluntary turnover. Many factors may influenced an employee to resign voluntarily such as attractive job offer; lack of opportunities in career advancement; poor work environment; low salary and other financial benefit; irrational target; transfer to distant place from home

town; not receiving necessary leave & job related training; misbehave of superior officer; irrational work; lack of social respect of job; not having proper evaluation of assigned task; sickness; death; excessive working load; for family reason; not having financial support or loan at the time of emergency; sexual harassment of colleague etc. Family reason is responsible for both voluntary and involuntary leave. In a number of cases it was observed that though a person resigns involuntarily (may his employer asked him to resign) and the reason is not involved with his family but he mentioned in his resign letter that he resign from his position for his family reason.

Involuntary Turnover

According to Ross Tripp, it occurs when an employer takes the decision to discharge an employee and the employee reluctantly leaves his or her position. Involuntary turnover could be a consequence of poor performance etc.

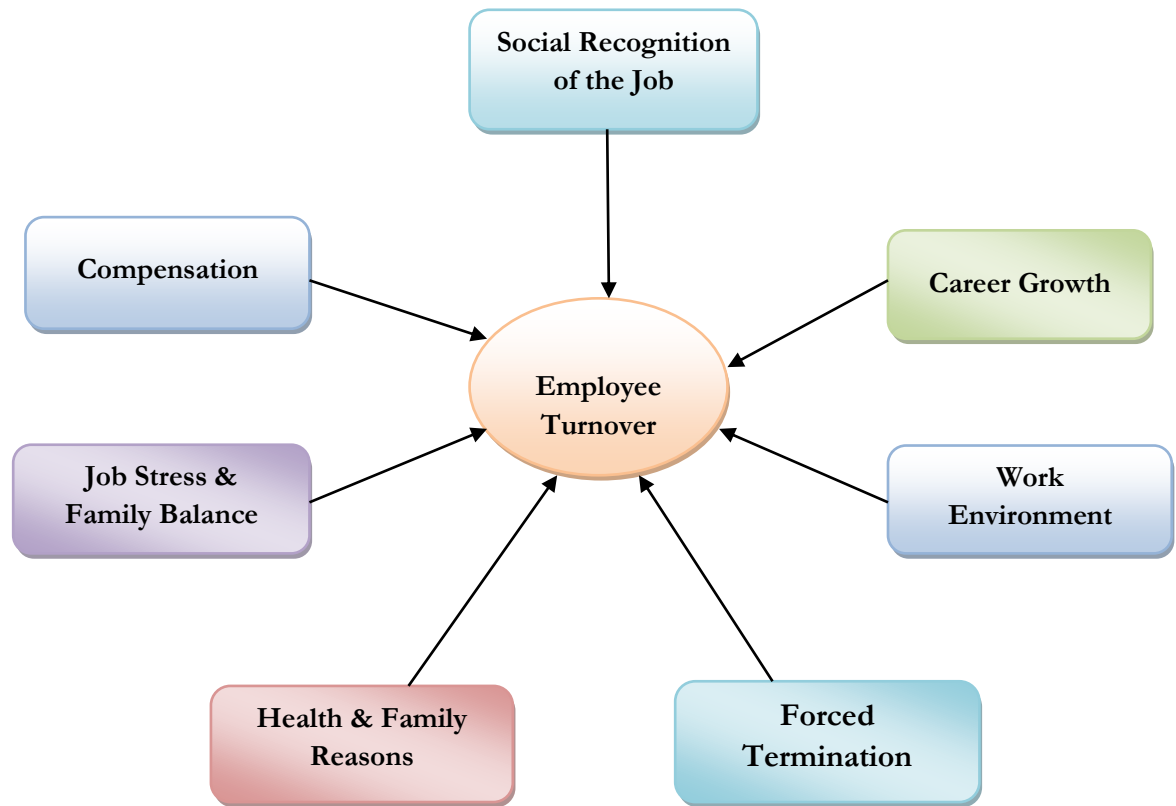
According to Ehow, involuntary turnover happens when an employer terminates an employee or request an employee to resign. The later may be thought as voluntary turnover; however, the primary decision influenced an involuntary turnover. When employees are discharged for violating workplace policies, business slowdown or awful performance, the exit is thought involuntarily. Some instances of involuntary turnover may create panic among remaining employees, who might be concerned about their own job security. Some terminations may come as a relief to other employees, whose morale and productivity suffer when awful performers affect the workplace environment.

So it can be concluding that when an employer requests an employee to resign or the employees are discharged by their employer and the employee reluctantly leaves his or her position that turnover can be termed as involuntary turnover. It may be the upshot of poor performance, conflict with senior officials, violation of service rules, fraudulent of employees, business downturn, redundancy etc.

Theoretical Framework of Employee Turnover

The issue of turnover is so much important because turnover has some significant effects on the organizations (Denvir & McMahon 1992; Dyke & Strick 1990; DeMicco & Giridharan 1987; Cantrell & Saranakhsh 1991). Many researchers opined that high turnover rates might have negative effects on the profitability of organizations if it failed to managed properly (Barrows 1990; Wasmuth & Davis 1993; Hogan 1992). Employee turnover is one of the most widely studied issues in organizational analyses (Dalton & Todor 1981). Despite significant study progress there still remains plenty of confusions as to what drivers really influence employees to depart or remain their organizations. The following figure depicts the principal reasons of employee turnover.

Figure 1: Theoretical Framework of Employee Turnover



Compensation

One of the principal reasons for employee turnover is underpayment relative to other competitive organizations. Good salary is always considering a useful motivation for the employees. Studies related to compensation like Trevor et al. (1997) and Park et al. (1994) revealed that salary augmentation had a prominent effect on employee turnover. Principally, salary augmentation effects highly on better performers, that is, competitive salary augmentation significantly decreased turnover for better performing employees. In the year 2000, Abassi and Hollman found in their study that lack of competitive compensation systems is one of the good reasons for employee turnover in the organization.

Career Growth

Opportunities for promotion considerably affected employees' intentions to depart an organization (Miller and Wheeler 1992). In 1994 Quarles showed besides promotion opportunities, the evaluation criteria used in the promotion and reward system also had noteworthy effects on employees' turnover intentions.

Fruitless performance appraisal created perceptions of unfairness among the employees and they were more likely to think departing the organization (Dailey & Kirk 1992).

Job Stress & Family Balance

In 1993, Bame found that turnover was lower among the employees when they had shorter office hours and had opportunities to choose work schedules, even though they had higher workload. That indicates the organizations which offer employees to choose work schedules had more opportunity of decreasing its employee turnover.

Work Environment

Emotional support from superiors decreases the impact of stressors on stress reactions, increases the job satisfaction and commitment to the organization and lessens the intention of leaving. That means to lessen employee turnover, managers require to actively observe workloads and the relationships between supervisors and subordinates (Firth et al. 2004).

Social Recognition of the Job

Social Recognition of the Job is another influential driver of employee turnover. In Bangladesh, few job like insurance, NGO-MFI job etc. have less appreciation than other jobs for considering the hazard of field level employees' tasks. Banking job, multinational company job, government administrative job, foreign ministry job etc. are considered as prestigious job. Some people do fun by saying that Bangladesh Bank is the lender of last resort to all scheduled bank and NGOs-MFIs are the last shelter of unemployed general educated people in Bangladesh.

Health & Family Reasons

In most of the case of voluntary turnover, employees mentioned they are unable to continue their job for their health & family reasons. But if we inspect those voluntary turnover, we will find a number of turnover were not voluntarily for health & family reasons; they were asked for resign due to their unpardonable offence or redundancy or incapability or business downturn.

Forced Termination

Forced termination occurs in most cases as a consequence of poor performance of employees, conflict with senior officials, violating workplace policies, poor business performances, fraudulent of employees, business downturn, redundancy etc. This type of termination is common to all type of institutions.

Findings of the Study

Features of the Respondent

Sixty-five (65) different level employees of fifty-two (52) MFIs from thirty (30) districts of Bangladesh participated in this field survey of the study. These MFIs officials have minimum half year, maximum thirty-one years and averagely nine years' experience in microfinance. One can easily understand that most of the MFIs officials who participated in this survey are highly experience to observe their average microfinance experience.

Many of the Bangladeshi employees like to work whole working life in a single organization where he first joined. The findings of the study also established this truth as 40% of the respondents have experience to work in single institution that is an MFI. Among the respondent, 44.62% MFIs' officials have experience to work in other MFIs. From this finding one can easily realize the movement of MFIs' employees among the microfinance industry in Bangladesh. 26.15% of the respondents have experience to work in other industry except microfinance.

Minimum age of the respondent was 21 years where maximum age was 50 years and average age was 35 years which indicate most of the respondents were highly matured in consideration of age. Most of the respondents were highly educated as near about 70% of the respondent completed graduation or post-graduation degree.

Table 3: Key Features of the Respondent

Experience Status	
Minimum MFI Experience (Year)	0.5
Maximum MFI Experience (Year)	31
Average MFI Experience (Year)	9
Working Experience in Other MFIs (%)	40
Working Experience in Other MFIs (%)	44.62
Working Experience in Other Industry (%)	26.15
Age Status	
Minimum Age (Year)	21
Maximum Age (Year)	50
Average Age (Year)	35
Education Status	
Higher Secondary (%)	30.77
Graduate (%)	33.85
Post Graduate (%)	35.38

Among the respondent near about 58% were mid-level or high level MFIs Officials where 42% were root level MFIs' Officials. Most of the respondents are Branch Manager and Credit Officer. One Executive Director and two Directors of different MFIs were also participated in this field survey.

Table 4: Position of the Respondents in MFIs

Position of the Respondent	No. of Respondent
Accountant	1
Area coordinator	1
Area Manager	1
Assistant Coordinator	1
Assistant Officer	1
Branch Manager	22
Credit Officer	25
Deputy Coordinator	1
Director	2
Executive Director	1
HR Manager	1
Junior Executive	1
Manager	3
Monitoring Officer	1
Program Coordinator	1
Senior Assistant Director	2
Total	65

Turnover Scenario in MFIs

All the respondents were asked in which position from an MFI, they have seen most of employee turnover occurred; most of the respondent provided same answer that is Credit Officer/Loan Officer/Field Officer. Near about 95% of the respondent agree on this issue. The second position for most frequent turnover occurred that is Branch Manager. Near about 23% respondent said the same. It is interesting that very few turnovers are occurred in the higher position of the MFIs. The turnover rate of male employees (76.92%) is much higher than the female employees (23.08%) in the NGO-MFIs.

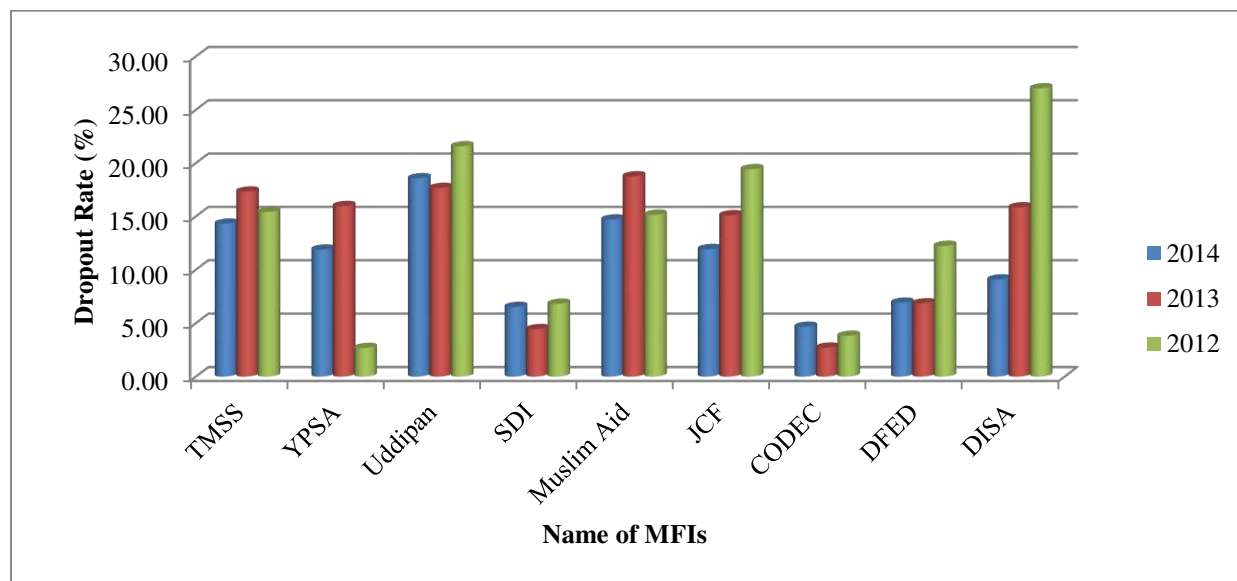
Table 5: Employee Rank Where Maximum Turnover Occurred

Employee Rank	No. of Respondent	Total No. of Respondent	Percentage of the Respondent
Credit Officer /Loan Officer /Field Officer	62	65	95.38
Accounts Officer /MIS Officer	5	65	7.69

Employee Rank	No. of Respondent	Total No. of Respondent	Percentage of the Respondent
Branch Manager	15	65	23.08
Area Manager	2	65	3.08
Zonal Manager and Above	1	65	1.54
Male Employee	50	65	76.92
Female Employee	15	65	23.08

The writer of the paper was able to collect permanent employee turnover data of nine reputed MFIs in Bangladesh. The following figure illustrated the scenario of turnover rate of permanent employees in nine reputed MFIs. From the following figure, we can easily notice that the average turnover rate of permanent employees in nine reputed MFIs in three years that means in 2012, 2013 and 2014 were below 15%. The average turnover rate of permanent employees in nine reputed MFIs in 2012, 2013 and 2014 were respectively 13.79%, 12.74% and 10.96%. That means the result showed us a declining trend with the time.

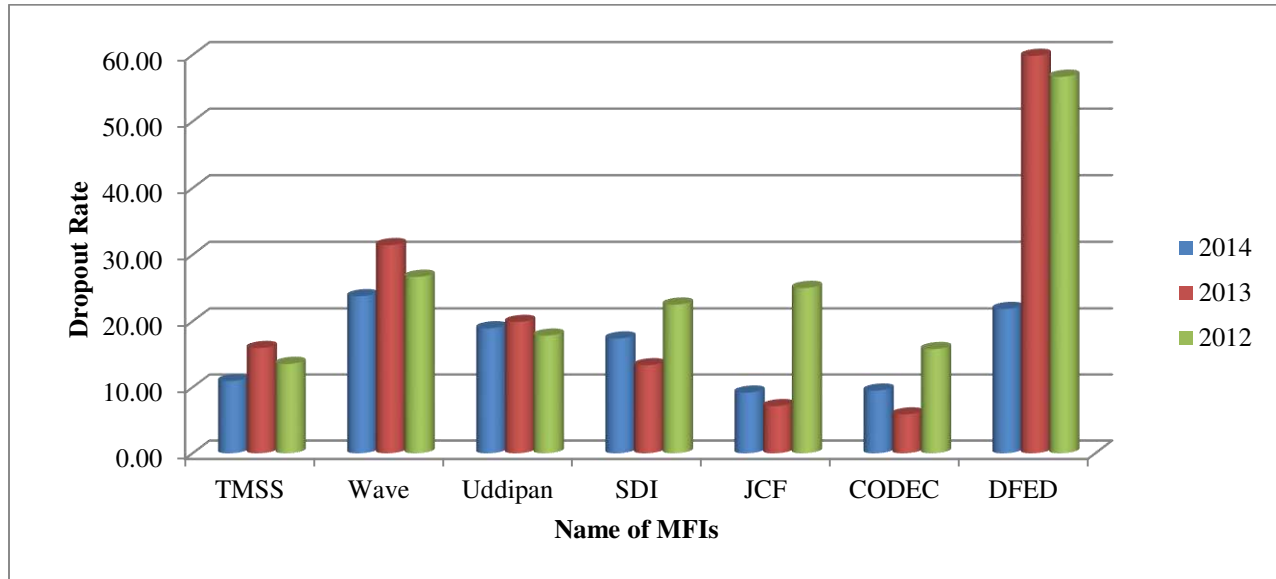
Figure 2: Turnover Rate of Permanent Employee in Nine Reputed MFIs



The writer of the paper was able to collect contractual employee turnover data of seven reputed MFIs in Bangladesh. The following figure illustrated the scenario of turnover rate of contractual employees in seven reputed MFIs. From the following figure, we can easily observe that the average turnover rate of contractual employees in seven MFIs in 2012, 2013 and 2014 were above 15%. The average turnover rate

of contractual employees in seven MFIs in 2012, 2013 and 2014 were respectively 25.43%, 21.92% and 15.93%. That means the result showed us a declining trend of average turnover rate of contractual employees with the time.

Figure 3: Turnover Rate of Contractual Employees in Seven Reputed MFIs



Reasons of Employee Turnover

All the respondents were asked for what reasons employee were leaving their organization in last three years, 67.69% respondents mentioned most of the employees leave their organization as salary and other financial benefit is comparatively less than other MFIs operating in the same area. This reason is realistic because for last few years the life expenditure throughout the country increased much than the salary and other benefit increased in MFIs. Terminated for corruption or fraudulent and terminated for violation of service rules were the second and third reasons respectively for leaving the organizations. These reasons are also practical as MFIs are the financial institutions, so there must have chance in taking place of some corruption or fraudulent or service rules violation under any sort of internal control system. For family reason and transfer to distant district from home district were the fourth and fifth reasons respectively for leaving the organizations. Transfer to distant district from home district means have less time with family in a year and for family reason indicate that for job stress, the person is unable to make balance with his family and working life. Excessive working load and no overtime financial benefit were the sixth and seventh reasons respectively for employees parting the organizations. If an employee does not receive any sort of financial benefit for his excess office working hour than his regular working hour, if it occurs frequently, then the employee will be demotivated and try to leave his organization. Not having proper evaluation of assigned task, sickness, job has no proper social respect, misbehave of superior officer and

irrational target of overdue loan collection were the eighth, ninth, tenth, eleventh and twelfth reasons respectively for employees parting the organizations. All the MFIs offices are not safe for female employee. Among the respondent, 7.69% mentioned some female employee are compelled to leave their institution for sexual harassment of colleague in last three years. Though the percentage is very low, but it is an alarming for us that we cannot fully ensure female friendly working environment in our MFIs offices. The following table shows the reasons of employee turnover in last three years. Beside the below narrated reasons, a number of respondent mentioned, job insecurity in MFI sector is another important reason for frequent employee turnover.

Table 6: Reasons of Employee Turnover in Last Three Years

Reasons of Employee Turnover	No. of Respondent	Total No. of Respondent	Percentage
<i>Compensation</i>			
Salary and other financial benefit are comparatively less than other MFIs	44	65	67.69
No overtime financial benefit	20	65	30.77
Not having financial support or loan at the time of emergency	5	65	7.69
<i>Career Growth</i>			
Does not provide necessary job related training	5	65	7.69
Not having promotion after being deserve it	20	65	30.77
Not having other financial benefits (increment/provident fund/ gratuity) after being deserve it	9	65	13.85
No opportunity for career growth or promotion	9	65	13.85
<i>Job Stress & Family Balance</i>			
Irrational target of overdue loan collection	10	65	15.38
Irrational target of loan disbursement	6	65	9.23
Transfer to distant district from home district	24	65	36.92
Does not provide necessary leave	5	65	7.69
Excessive working load	22	65	33.85
<i>Work Environment</i>			
Misbehave of superior officer	12	65	18.46
Frequently compel to do irrational work	3	65	4.62
Does not have cooperation of colleague in official work	1	65	1.54

Reasons of Employee Turnover	No. of Respondent	Total No. of Respondent	Percentage
Not having proper evaluation of assigned task	16	65	24.62
Less access in necessary office related information	1	65	1.54
Sexual harassment of colleague	5	65	7.69
Threat of powerful person in working area	2	65	3.08
Money deduction from salary for overdue loan	12	65	18.46
<i>Social Recognition of the Job</i>			
Job has no proper social respect	14	65	21.54
<i>Health & Family Reasons</i>			
Sickness	15	65	23.08
Death	9	65	13.85
For family reason	28	65	43.08
<i>Forced Termination</i>			
Terminated for violation of service rules	29	65	44.62
Terminated for corruption or fraudulent	38	65	58.46

All the respondents were asked which reasons are what types of responsible for an employee to take decision of leaving his organization, near about 75% respondent thought that if salary and other financial benefit are comparatively less than other MFIs, then it influence an employee to take decision of leaving his organization that means this reason is responsible or highly responsible to influence the exit decision. Terminated for corruption or fraudulent and terminated for violation of service rules were the second and third reasons respectively responsible or highly responsible for an employee leaving his organizations. No overtime financial benefit and excessive working load were the fourth and fifth reasons respectively responsible or highly responsible for employees parting the organizations. Transfer to distant district from home district, for family reason and not having promotion after being deserve it were the sixth, seventh and eighth reasons respectively responsible or highly responsible for leaving the organizations. Near about 15% respondents thought that sexual harassment of colleague is responsible or highly responsible for employees parting the organizations. The following table shows the degree of responsibility of a reason behind the employee turnover in MFIs:

Table 7: Degree of Responsibility of a Reason for Employee Turnover in Percentage

Reasons of Employee Turnover	Not Responsible	Responsible	Highly Responsible
<i>Compensation</i>			
Salary and other financial benefit are comparatively less than other MFIs	24.62	49.23	26.15
No overtime financial benefit	47.70	35.38	16.92
Not having financial support or loan at the time of emergency	80.00	13.85	6.15
<i>Career Growth</i>			
Does not provide necessary job related training	87.69	9.23	3.08
Not having promotion after being deserve it	60.00	33.85	6.15
Not having other financial benefits (increment/provident fund/ gratuity) after being deserve it	63.08	27.69	9.23
No opportunity for career growth or promotion	66.15	30.77	3.08
<i>Job Stress & Family Balance</i>			
Irrational target of overdue loan collection	70.77	23.08	6.15
Irrational target of loan disbursement	84.62	10.77	4.62
Transfer to distant district from home district	55.38	33.85	10.77
Does not provide necessary leave	83.08	13.85	3.08
Excessive working load	53.85	36.92	9.23
<i>Work Environment</i>			
Misbehave of superior officer	67.69	26.15	6.15
Frequently compel to do irrational work	81.54	13.85	4.62
Does not have cooperation of colleague in official work	83.08	16.92	0.00
Not having proper evaluation of assigned task	64.62	29.23	6.15
Less access in necessary office related information	92.31	7.69	0.00
Sexual harassment of colleague	84.62	9.23	6.15
Threat of powerful person in working area	89.23	9.23	1.54
Money deduction from salary for overdue loan	73.85	18.46	7.69
<i>Social Recognition of the Job</i>			
Job has no proper social respect	66.15	27.69	6.15

Reasons of Employee Turnover	Not Responsible	Responsible	Highly Responsible
<i>Health & Family Reasons</i>			
Sickness	67.69	26.15	6.15
Death	76.92	20.00	3.08
For family reason	58.46	38.46	3.08
<i>Forced Termination</i>			
Terminated for violation of service rules	38.46	43.08	18.46
Terminated for corruption or fraudulent	33.85	35.38	30.77

Remedies

All the respondents were asked what an employer should do to reduce employee turnover rate, all the respondent suggest at first an MFI should fix up a competitive salary and other financial benefit harmonizing with the other competitor MFIs. A number of respondents requested MRA and PKSF to appeal to their licensed and partner organizations respectively to set up a unique salary scale. The second and third suggestions for decreasing employee turnover are promotion and salary increment policy should be transparent and should have provision of proper reward for good work/performance and proper punishment for ill work/ bad performance in MFIs. Should have financial benefit for overtime work; having automation and online network facilities in all branches; to provide necessary job related training to a new recruited employee; having facility of leave encashment; having provision of financial support or loan for employee at the time of his emergency and transfer to nearest district from home district were fourth, fifth, sixth, seventh, eighth and ninth suggestion of MFI's officials to reduce the employee turnover rate of MFI sector. The following table depicted all the recommended steps for reducing the employee turnover.

Table 8: Recommended Steps for Reducing Employee Turnover

Recommended Steps	Respondent Percentage
Salary and other financial benefit should be similar with other MFIs	100.00
Financial benefit for overtime work	78.46
Specific working hour	67.69

To inform a new recruited employee about financial and non-financial benefit of the job	63.08
To provide necessary job related training to a new recruited employee	75.38
Promotion and salary increment policy should be transparent	95.38
Provide necessary leave	58.46
Facility of leave encashment	73.85
Should not have any kind of discrimination regarding job	55.38
Severe punishment for sexual harassment	60.00
Have provision of proper reward for good work and proper punishment for ill work	81.54
Creating cooperative environment among colleagues	66.15
Provision of financial support or loan for employee at the time of emergency	72.31
Having automation and online network facilities in all branches	76.92
Transfer to nearest district from home district	70.77
Fix up rational target in overdue loan collection & loan disbursement	61.54
Increase social respect to the job by informing general mass about the social welfare activities of the MFIs	50.77
No money deduction from salary for overdue loan	66.15

Conclusion and Recommendations

At present day's employee turnover is one of the challenging issues in microfinance sector of Bangladesh. The impact of turnover has received substantial attention by the senior management and human resources professionals of the sector. So it is time demand to know the reasons or factors those influence employee turnover and also know the remedies how we can reduce the rate of employee turnover rate. So an attempt was taken by this study to know the reasons and remedies of employee turnover in microfinance sector of Bangladesh. The study found that the average turnover rate of permanent employees in nine reputed MFIs

in 2012, 2013 and 2014 were respectively 13.79%, 12.74% and 10.96% and the average turnover rate of contractual employees in seven MFIs in 2012, 2013 and 2014 were respectively 25.43%, 21.92% and 15.93%. The major reasons for employee turnover are salary and other financial benefit are comparatively less than other MFIs; terminated for corruption or fraudulent; terminated for violation of service rules; no overtime financial benefit; excessive working load; transfer to distant district from home district; for family reason; not having promotion after being deserve it etc. The key remedies for reducing employee turnover are: should fix up a competitive salary and other financial benefit harmonizing with the other competitor MFIs; promotion and salary increment policy should be transparent; should have provision of proper reward for good work and proper punishment for ill work in MFIs; should have financial benefit for overtime work; having automation and online network facilities in all branches; to provide necessary job related training to a new recruited employee; having facility of leave encashment; having provision of financial support or loan for employee at the time of emergency and transfer to nearest district from home district etc. A number of respondents requested MRA and PKSF to appeal to their licensed and partner organizations respectively to set up a unique salary scale. Excessive turnover is not only pricey, but also it can create a bad reputation among the MFI sector and the job seekers. Excessive turnover may be harmful to an MFI's productivity if the efficient and experienced employees are often departing and the employees encompasses a high percentage of beginners.

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