

Effect of Retention of Employees in Microfinance Organisations on Rural Area Development

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Abstract—In this paper, the development of rural area in North East India is discussed which the researcher thinks that it can be given a helping hand by managing the human resource practices of the microfinance organisations in the rural areas. The paper discusses the impact of various demographic factors of the employees with the retention of the employees in the organisation. The study is primarily concerned with the microfinance sector of the region and the sample is taken from the database of the HR manger of the organisations. The paper finds out that the age, marital status, previous experience and posting in rural areas has significant relationship or not with the turnover of the employees in the organisation.

Keywords: Rural development, employee turnover, motivation, performance appraisal.

Introduction:

Human resource is the main concern in today's world in almost all type of organisation which includes private, public, government, educational institutions etc. attaching prospective candidates selecting them and helping them to perform well and hence lowering the turnover is very important. Retention, performance appraisal and most importantly talent management are the most sought for aspects for strategists, researchers, experts etc. appropriate utilisation and maintaining those leads to the organisational success and failure. . Most of the poverty arises in rural areas, therefore, developing these areas helps in diminishing the poverty. Initiatives of microfinance sector by many private companies has been witnessed to extend its help for the cause .The study hereby tries to figure out how these companies can have a sustainable presence in the areas of Northeast India to help rural population by looking after the employees of these companies, since, hardworking and loyal employees make up a trustworthy organisation who can make a strong and uplifted society. Though such studies have been done in health sector in various regions of the world, very few have been done in financial sector in India specifically. The researcher comes up with the idea that if the human resource of any sector who serve the rural areas, in specific ,like the microfinance sector, if they are motivated to stay and perform well, much of the rural population will be served leading to their sustainability and development.

The paper discusses a brief literature review, the research methodology of the study and the findings of the study with a short description of future plans of the researcher.

Literature Review:

A paper on Strategic Talent management discusses that talent management though a very important topic, yet, the research for the topic is still at very nascent stage. It says that research agenda should be formulated by researchers to help the managers in making strategies for talent management in the organisation to achieve their goal. Talent management is placing and maintaining right skills at appropriate place and appropriate time to achieve organisational goal effectively and efficiently (Hamidah,Hamdan, Othman). The researchers tries to use the past experience and knowledge and performance scores of the employees to predict the performance of the employees.

In the paper "Knowledge discovery techniques for talent forecasting in HR application" by Jantan,H.Hamdam, A. R. Othman,Z.A , it was found that most important attribute of job performance is job title, education background especially the university type, some personal factors like no. of kids also affected the performance. But interestingly job satisfaction and comfortable working condition had slight effect on performance.

In the paper, "Using data mining techniques to build a classification model for predicting employees performance" by AIRadaideh,Q.ANagi, E. most important attribute of job performance is job title; education background especially the university type, some personal factors like number of kids affected the performance. But interestingly job satisfaction and comfortable working condition had slight effect on performance.

Women turnover was found to be less than men and neural network is found to be the best technique in order to measure turnover by Tamizharasi,K. Umarani in "Employee turnover analysis with application of data mining techniques."

In the paper "Human resource management in agricultural sector" by Mozghan Zachrison, found out that the agricultural

workforce are not more educated and skilled workforce competent enough to understand both the technical and the social development at a global level. Countries' historic and social construction have great influence on the development of agricultural education and training and the way the phenomenon of globalization and its role is understood and experienced in agricultural sector. Openness, communication, various forms of education, awareness about the national culture, collaboration between the public and private sectors and encouraging entrepreneurial spirit seems to be some of the key success in developing human resource management in agricultural sector.

In "Staffing remote rural areas in middle- and low-income countries: A literature review of attraction and retention", Uta Lehmann, Marjolein Dieleman and Tim Martineau, says that the organisational location of decision-making related to retention issues and suggest that because promising strategies often lie beyond the scope of human resource directorates or ministries of health, planning and decision-making to improve retention requires multi-sectoral collaboration within and beyond government.

Research methodology:

The study is a descriptive study and the sample is collected from the database maintained by the HR manager of the organisations. It acts as the pilot study for the study as anticipated by the researcher. For the purpose of the study, a sample of 50 employees who are mostly posted in rural area of Assam in the microfinance sector are collected and an analysis has been done with all the available demographic factors of the employees, to check if there exists any relationship between these factors and the turnover of the employees. Factors selected for the purpose are age, marital status, previous experience, designation and place of posting.

The analytical methods to analyse for various factors mentioned in the objective used are regression analysis. The tests are done using MS excel.

For the paper, the basic objectives taken are as follows:

1. To find out the various factors this might have an impact on employee performance of posted in rural areas in microfinance organisation.
2. To analyse the impact of demographic characteristics like age, marital status, experience, designation, place of posting on the employees' turnover of the organisation.

For the first objective the various factors that might impact the retention and performance of the employees are taken from the exhaustive list of factors that has been collected from the various literature reviewed. Various factors has been identified to predict employee turnover are Organisation Citizenship Behaviour, Job Satisfaction, Teamwork and cooperation, Analytical Thinking Information Seeking, self-confidence, teamwork, cooperation, directedness, developing others, pre and post training project ratings, innovative quality work

environment, job embeddedness, work family boundary and above all primarily all the demographic factors.

For the second objective the following hypothesis are formulated and they are tested by the method of regression to establish the relationship.

H1a: Marital status of employees is not significantly related to turnover of the employees in the organisation.

H2a: ages of employees is not related to turnover of the employees in the organisation.

H3a: Designation or job title of the employees has no positive influence on employee's length of service.

H4a: Previous experience in related field of the employees is not significantly related totenure of the service in the organisation of the employees.

H5a: There is no significant relationship between tenure of service with the place of the posting of the individual.

Results and Findings:

1. The hypothesis that "marital status of employees is not significantly related to turnover of the employees in the organisation" is rejected by analysing the p value of the regression analysis and hence can be said that from the deep analysis that the married people who are posted in rural areas tend to leave their job in the microfinance sector more.

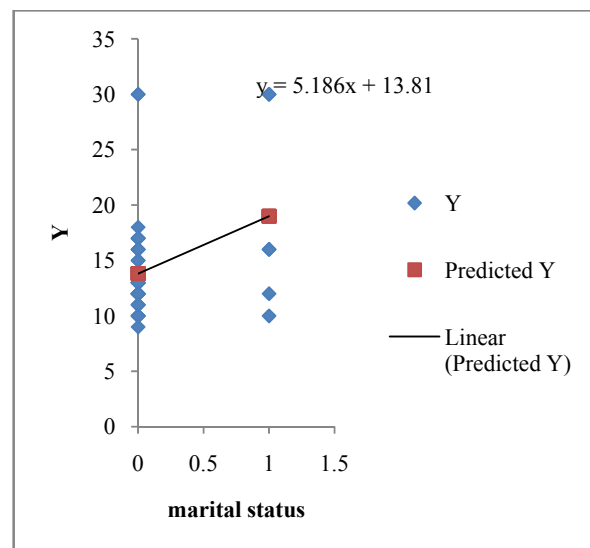


Figure 1: Regression Plot 1

The hypothesis "ages of employees is not related to turnover of the employees in the organisation" is accepted

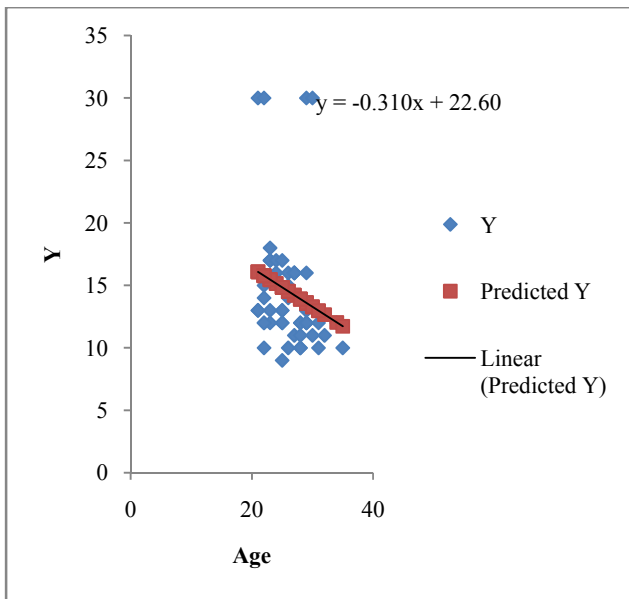


Figure 2: Regression Plot

- The hypothesis “Designation or job title of the employees has no positive influence on turnover of the employees” is accepted.

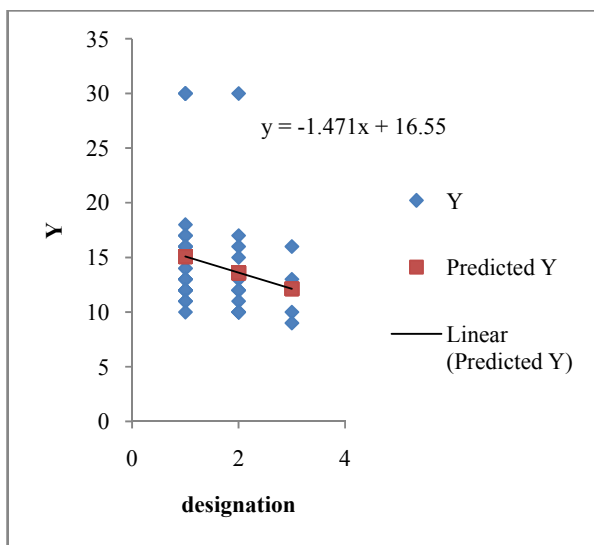


Figure 3: Regression Plot

- The hypothesis “Previous experience in related field of the employees is not significantly related to length of the present service in the same sector “ is accepted.

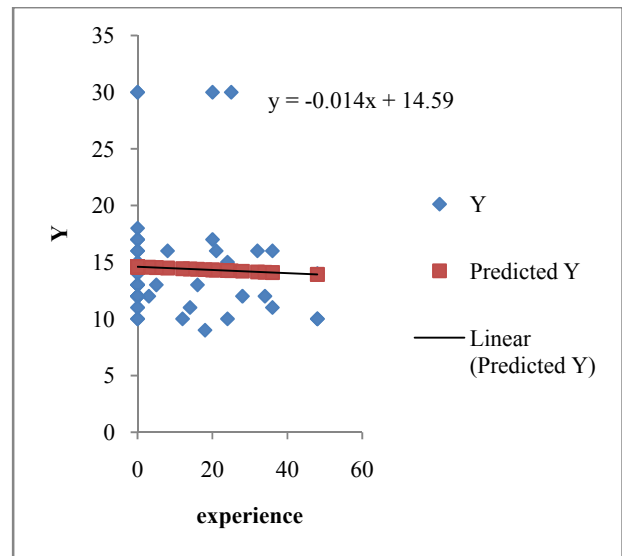


Figure 4: Regression Plot

- Therefore from the regression model, it was found out that only marital status has significant relationship with the turnover of the employees in the microfinance organisation with the p value i.e 0.02. and since other factors’ p value are larger it provides weak evidence against null hypothesis to reject it hence , other factors do not have significant relationship with turnover of the employees.
- It was also found out that when posting was given in rural areas, less was the tenure of service in the organisation and hence more was the turnover. This finding was interpreted by the discussion with the HR Managers of the organisation.

Moreover, interviewing HR manager of the organisations, the researcher could find out that the employees complained about lack of awareness among rural population which makes fulfilling the targets and therefore, work assigned to the employees are unfulfilled which results in stress and hence turnover increases. Again, huge alternatives are available for the employees in the sector and concern of job security makes the attrition level to increase among the employees who are posted in Rural Areas

Conclusion and Future Scope:

The problem of retention is seen in most of the companies that has been considered for the study. Therefore the researcher is of the view that problem in retaining the people affects the employees’ performance and hence these organisations are unable to serve the rural population as they want to, as placing the employees in such places leads to more attrition. This lead to more recruitment and training costs annually affecting their profitability as well. Moreover, in such cases of less tenure of services of employees have other relating factors like low involvement, low engagement, loyalty motivation to work etc.

This big data involved in the databases of the companies i.e. those who joined and who left in a short tenure can be analysed and techniques of data mining like fuzzy algorithm, neural network and other classification techniques can be used to predict such attrition. Further research would consider a larger dataset representing many companies for incorporating other factors in prediction of rural employee performance and retention in the organisation and implement it for betterment of the society at large.

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