

Anxieties of Field Staff in the MFIs

An empirical research with loan officers of
an MFI

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Research performed by Prime M2i Consulting Pvt Ltd



Enabling Sustainable Enterprises

Anxiety at workplace

- Anxiety at workplace is an important area of attention for HR departments, globally
- Excessive anxiety impacts productivity, causes attrition and impacts mental health of employees.
- Anxiety occurs in a wide range of circumstances and made worse when employees feel that they have little support from supervisors and colleagues



MFI context

- MFIs experience very high drop-out rates among their employees, particularly at the level of field staff.
- Industry average of staff drop-out is estimated to be 35%, on an annual basis*. MFIs have reported drop-out rates up to 52%**.
- Our interaction with MFI field staff indicate that they experience significant anxiety in their day to day work, which is one of the reasons for the staff drop-outs.

*Microfinance India – Social Performance Report, 2013

** Report of Human Resource Management in Microfinance Institutions: The state of Practice, 2014



Research

- Research objective: To find out factors which cause anxiety to the loan officers

Methodology

- Focused Group Discussion (FGD) to identify key triggers which cause anxiety to the loan officers
- Rating of each trigger by 444 staff on a 5 point likert scale (“Completely Agree” to “Completely Disagree”)
- Statistical procedure to determine factors which result in anxiety



Identified triggers for anxiety

- (Q1)** Cannot get enough funds in the branches for disbursement
- (Q2)** Application are rejected during credit bureau checks
- (Q3)** Feel threat to life while carrying cash
- (Q4)** Threat of getting fake currency notes during collection
- (Q5)** Threat of loss of cash during transit
- (Q6)** Do not get adequate salary
- (Q7)** Supervisors do not cooperate and discriminate
- (Q8)** Clients are too far from the branches
- (Q9)** Do not get timely leave



Identified triggers for anxiety

(Q10) Colleagues leave their jobs without informing

(Q11) Adequate information about job related rules is not given

(Q12) Concerned about audit rating scores

(Q13) Adequate information about company performance is not given



Relative ranking of anxieties

Average scores,
(444 responses, on scale of 1-5; 5 denoting highest level of anxiety)



Clearly, threat of physical and financial loss while carrying cash, is the biggest source of staff anxiety



Factor analysis

For the remaining triggers, we undertake factor analysis, to understand underlying factors

Factor analysis is a statistical technique used to identify common factors or dimensions in a given set of correlated variables.

Three factors emerge

Uncertainty

- Adequate information about company performance is not given
- Supervisors do not cooperate and they discriminate
- Adequate information about job related rules are not given
- Colleagues leave their jobs without informing
- Concerned about audit rating scores

Bottlenecks in achieving disbursement targets

- There is insufficient cash in branches for disbursements
- Application are rejected during credit bureau checks

Adverse Working Environment

- Do not get adequate salary
- Do not get timely leave
- Clients are too far from the branches



Potential consequences of anxiety for MFIs

- Common manifestations of anxiety include
 - Loss of productivity
 - Absenteeism
 - Staff drop-out
 - Dissatisfaction

- Excessive anxiety has adverse impact on mental health which may result in extremely undesirable outcomes
 - Staff misbehaviour with clients
 - Supervisors/field staff displaying violent behaviour

This may result in loss of reputation of the MFI and adverse regulatory actions



What can MFIs do to reduce anxiety for the field staff?

Reduce risks related to cash handling

- Reduce need for transfer of cash over large distances.
- Explore feasibility of doing cashless transactions
- Develop step by step guidelines for staff to follow in case of robbery/theft.
Educate staff about these guidelines
- Obtain cash in transit insurance and educate staff about this

Reduce uncertainties for the staff

- Do not change policies frequently
- Have clear channels of communication
- Provide adequate training on policies and company performance
- Supervisors should provide definite support to field staff, in case of problems
- Have an effective grievance redressal mechanism for the staff



What can MFIs do to reduce anxiety for the field staff?

Remove bottlenecks in achievement of performance targets

- Improve cash planning and management for branches
- Cashless transactions for disbursements and collections

Improve work environment

- Reasonable distance of field areas from branches
- Timely leave
- Salary comparable with other MFIs



References

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