# DOES FIRMOGRAPHY PATTERNS HUMAN RESOURCE PRACTICE? EVIDENCE FROM MICROFINANCE INDUSTRY OF INDIA

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ABSTRACT

Broadness in organizational demography or firmography has a deeper impact on various organizational functions. Dual mission of Microfinance Institutions (MFIs) for financial profitability and social sustainability has led to obscuring human resource practices (HRPs). As a consequence, HR often fails to win the trust of business despite being the natural partner for driving sustainability. This study conceptualized the firmographic factors have a contextual impact on HR practices. The first part will explain the HRPs and challenge in the Indian MFIs. Keeping the wide variations of firmography in mind, the Indian MFIs varies in its level of maturity of the dimensions of HR practices. The second part of this study will explain and explores the concept of firmography through clustering technique. Multivariate regression has been used to understand the influence of Firmographic factors on the HR practices. Data has been collected through 250 MFIs across India to validate the findings which show a significant influence of firmography on the HR practices. The research would be useful for policymakers and micro finance practitioners to understand and strategize their human resource practices according to the firmographic context. This may ensure their humane and sustainable growth and justify their reason for their existing.

Contribution/ Originality

This study gives a new in-depth insight to organization demography or firmography by validating it empirically. Further, HR practices in MFIs have not explored empirically till date. Thus, this study explores a new area of study with reference to HR practices and firmographic context. The research would be useful for policymakers and micro finance practitioners to understand and strategize their human resource practices according to the firmographic context.

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1. INTRODUCTION

The Microfinance industry is enormously intricate and extremely ingenious (Kalyango, 2004), with an immense prospect to spread out the financial border to the poor in a sustainable method (Littlefield *et al.*, 2003). Nonetheless, the last decades this industry witnessed a lot of crises and has become more competitive and changing (Adongo and Christopher, 2005). In the Indian scenario, some precise areas of concern such as unfair high rates of interest, lack of transparency in interest rates, multiple lending, upfront collections of security deposits, over-borrowing, ghost borrowers, and coercive methods of recovery have been evident (Reserve Bank of India, 2011). To meet these challenges, the competence and capacity of their employees would be the single most valuable resource (Aadhaar study, 2011). Further as informed by Barpanda and Mukhopadhya (2014), the eminence of service delivery in the Microfinance Institutions (MFIs) contingents on person-to-person contact and association. Thus, it calls for more human resource intensive strategies.

As reported by Arunachalam (2011) concerning MFI staff, Indian micro finance sector witnessing a very unusual pattern of crisis with problems like multiple lending, frauds, high levels of intentional default. The staffs frequently jump from one MFI to other with an expectation or lure of promotion and career growth. Using their past knowledge and experience gained from previous MFIs where they worked to enable new MFIs is a regular trend among worker. Even they use the earlier joint liability groups (JLGs) or self-help groups (SHGs) in the present job and thus became an agent for promoting multiple lending in the areas. They tell clients not to repay the older MFIs. Jha and Singh (2015) examines the HR issues like recruitment policies, staff incentive and training, competencies of HRM and assessment of employee's performance faced by MFIs. Amma *et al.* (2019) stated that reckless competition, swing in borrower behavior, high cost of funds, recruitment and retention of quality human resource, principally the field staff are some of the issues faced by Indian MFIs.

It has been conceded by many researchers, practitioners that during the development and management of strategic resources and core competencies of organizations, human resource management plays an imperative role. Although the theoretical development has been established, still the empirical studies seemed to be very slow to go after (Youndt and Snell, 2004). Sparrow *et al*. (2014) explores the position of HR by asking fundamental questions such as whether making HR a separate business function still make sense or not. Human resource management in micro finance is relatively novel as nascent and not well understood. There is a common assumption that the human resource of micro finance is easy to recruit, train, and develop and thus took as granted (Ismawan, 2006). The nature of micro finance growth is such that it has made human resource management not to grow professionally. Being a part of the community development process, micro finance grew as activities that made a belief among development practitioners that they are also suited to carry out micro finance activities.

The scheme of Microfinance having a saving and a credit component initially introduced by Non-Governmental Organizations (NGOs), governments or local community groups. NGOs, which are society and trust in the legal structure, tend to combine these schemes with activities like health care services, training, and education. As Ismawan (2006) pointed out that many MFIs in the last ten years gone through a bad governance period that showed that micro finance does need specific human resource management. Further dual mission of Microfinance Institutions (MFIs) for financial profitability and social sustainability has led to obscuring human resource practices (HRPs). The industry itself varies geographically in the broad way. This broadness in the demographic profile of the organization has a deeper impact on the various functions of organizations. There are organizations of various legal status, different sizes, and small to very large across the industry. Human resource management in micro finance is relatively novel as nascent and not well understood. There is a common assumption that the human resource of micro finance is easy to recruit, train, and develop and thus took as granted (Ismawan, 2006). The nature of micro finance growth is such that it has made human resource management not to grow professionally. While the

role of HR is critical in driving sustainable business practices at all levels and creating sustainable HR systems and processes, many HR professionals lack the knowledge about sustainability, how it impacts business and how to drive organizational change. As a consequence, HR often fails to win the trust of business despite being the natural partner for driving sustainability (Ernst and Young Report, 2013). The first part of the study will explain about the human resource practices and challenge in the Indian micro finance sector.

With the passage of time, it has been realized that human resources are the decisive factor for the long term sustainability of any organization because it is the human resource that brings any difference in the organizational process. Being a service-based organization; the primary need for MFIs is the entrepreneurs or decision makers, those who will establish. They provide intense personalized input to encourage the personal as well as professional growth of employees. The quality of service delivery in community-based organizations like MFIs is depended on resource capability and relationship building. Thus, it seems clear that human resource plays a critical role in the sustainability of the sector. With several new start-up MFIs coming up, this process has become both necessary and possible.

The present study focuses on one single industry, the Indian Microfinance industry and the effect of the organizational demographic factor that is otherwise called firmographic factors on the survival of the micro finance organization. The paper tries to purvey the answer to a very pertinent question of whether the firmographic factors influence the human resource practices in Microfinance industry. Firmographics in a firm can be express in many dimensions. The most frequently used variables for firmography include industry type, location, size, status or structure. Very few empirical studies have been carried out in the context of the Indian micro finance industry; especially firmography context. As micro finance in India is an emerging industry and has broad variations in the firmographic context. Thus, it urgently demands more empirical studies.

While the role of HR is critical in driving sustainable business practices at all levels and creating sustainable HR systems and processes, many HR professionals lack the knowledge about sustainability, how it impacts business and how to drive organizational change. As a consequence, HR often fails to win the trust of business despite being the natural partner for driving sustainability. The first part of the study will explain about the human resource practices and challenge in the Indian micro finance sector. Keeping the wide variations of organizational demography or firmography in mind, it has been expected that the Indian MFIs varies in its level of maturity of the dimensions of HR practices, according to these firmographic factors. In the present study, it is conceptualized that the firmographic factors have a contextual impact on HR practices. So, the 2nd part of this study will explain about the concept of firmography and the factors which constitute the firmography in MFIs. Clustering technique has been used to explore the concept of firmography in Indian micro finance scenario. Further it will examine how human resource practice may vary according to firmographic context.

2. THEORETICAL FRAMEWORK AND LITERATURE SURVEY

2.1. Contingency framework
The question of how the person and environment fit linked to organizational competencies was being explained by Werbel and DeMarie (2005) which support the strategy of an organization through a strategic contingency framework. They suggested that the vertical and horizontal alignment in strategic human resource management was being linked by person–environment fit. Furthermore, they projected vertically linking human resource systems with corporate strategies through competencies of the organization and horizontally linking HR practices to support those distinct organizational competencies as means to improve performance.

A noteworthy contribution was being made to the SHRM literature by Jackson and Schuler (1995) when they identified the main components of organizational environments. They classified organizational environments into internal and external categories. An internal organizational environment again includes technology, structure, size, life cycle stages, and business strategy. Whereas external organizational environment includes legal, social, political, labour market conditions, industry characteristics; and national culture. This framework of classification provides a broad perspective to researchers on various contextual factors affecting HR systems in organizations.

The concept of fit and flexibility proposed by Lengnick-Hall and Lengnick-Hall (1988) and Milliman *et al*. (1991) and further supported by Wright and Snell (1998), postulates that HRM practices, employee skills, and employee behaviours were the three generic conceptual variables with which strategy should fit. They described flexibility as the degree to which the human resources of the firm possess skills and behavioural reserve that can offer an opportunity to pursue strategic alternatives in its competitive environment. It unlocked the scope to identify, nurture and implement basic HRM practices to expand the flexibility ingrained in those human resources. They further differentiated between the resource flexibility which is the degree to which they can be adapted and practiced across a diversified situation, and the coordination flexibility of HRM practices which describe how quickly the practices can be re-synthesized, recomposed, and reutilized. Wright and Snell (1998) proposed that organizations have to encourage both fit and flexibility because they are complementary.

2.2. Human resource practice

There is a thin line of difference between human resource and human resource practice. The pool of human capital under the control of an organization in a direct employer-employee relationship is called the human resource. While through human resource practice, these pools of human capital are being managed and being utilized through some organizational processes for the fulfilling of organizational goal (Wright *et al*., 1994). According to Arumugam *et al*. (2011) human resource management (HRM) is one of the primary means through which managers incorporate the actions of employees to carry on their behaviour consistent with the interests of the organization. It has been recognized and realized by business leaders that the human resource function has affected bottom line results and need to be aligned with the organizational mission. Thus, it can be said that an effective management of human capital may be the eventual determinant for organizational performance.

Yeganeh and Su (2008) defined HRM as the discipline and the practice that deal with the nature of the employment relationship and its related actions, decisions and issues in an organization. Some researchers (Huselid *et al*., 1997; Schuler and Jackson, 2005) identified the key HRM practices like staffing, training and development, performance appraisal, and compensation. The primary function of HR consists of recruitment, training and development, performance appraisal and rewards (Evans, 2003; Scarbrough, 2003). Helmuth *et al*. (2006) recognized recruitment, training and development, communication and staff performance as the HR practices. Others scholars identify compensation (Gerhart and Trevor, 1996), training (Bartel, 1994) or performance management systems (Compton, 2005) as specific HRM practices. Richard and Johnson (2001) remarked that HR practices can be classified based on their focus, which is especially appealing from a diverse point of view (Martin *et al*., 2012).

Har *et al*. (2010) studied well-established HR practices in an organization to improve the intensity of knowledge management. These practices comprise judicious hiring to recruit appropriate people, reward and recognition to motivate employees, performance management to evaluate the jobs, and extensive training to ensure continuous learning and development for employees. According to Ulrich (1997), HRM plays a significant role in the success of an organization irrespective of its size. Lado and Wilson (1994) advocated that HR practices facilitate in developing competencies and

knowledge creation thus can contribute to the competitive advantage of an organization. Investing in the proper HR practices was, therefore, lead to a high level of commitment from employees (Guest, 2002).

2.2.1. HR practices in MFI

Organizations that are into micro finance demand a different HR setup. As studied by Ismawan (2006), recruiting, training, and motivating is three primary practices for MFIs. The growth of community-based organization like micro finance needs a more professional approach in human resource. Irrespective of the form of MFIs, the need for professional human resource system is a necessity. The variations of HR practices in the different form of MFIs are mainly due to the degree of professionalism and commercialization of the MFIs (Ismawan, 2006). If the MFI is professional and more commercialized, then a healthier human resource system is expected. Human capital is a decisive factor for an MFI that can bring financial inclusion to the rural poor through a deployment of doorstep banking services. In the provision of door-step banking, the loan officers are the single point of contact with clients. Thus the challenge before the MFIs is a right recruiting strategy which means selecting competent loan officers and their performance management and training. An MFI with a social mission has to focus on such important areas of human resource management (Mohan and Potnis, 2010). Akingbola (2006) pointed out employee relation is an integral part of strategy and HRM in non-profits. Keeping in mind the fact that non-profits are likely to be value driven and attract employees who have acknowledged with their values, employee relation is an essential practice (Brown and Yoshioka, 2003; Handy and Katz, 1998). Focus on human resource management system is vital in recruiting, motivating, training and nurturing a team of staff who will efficiently carry out the organization's mission. Many MFIs are quite hesitant to share business specific information with the staff, which reduces the commitment level for employees to commit. Performance targets is being set to reward employees without assessing the service quality. This made the workers use aggressive tactics to secure repayment (Aadhaar Report, 2011).

2.3. Firmography

Organizational context refers to "the situational opportunities or constraints that affect functional relationships between variables" (Johns, 2006). As defined by Daft (1998), organization contextual variables include company size, strategy, technology, culture and the environment. These variables have been identified as possible predictors of HRM practices in several studies (Arthur and Hendry, 1990; Buller, 1988; Jackson et al., 1989; Schuler et al., 1989). As explained by Wissen (2000), firmography is similar to demography because firms experience processes analogous to those faced by human beings. Smith (2013) also viewed that firmographics are to businesses and organizations that demographics are to people.

2.3.1. Size

Many researchers in the area of strategic management have long been debated regarding the strategic advantages associated with the size of an organization. Size is computed as firm capital and number of employees, the number of branches (Reed et al., 2006; Youndt et al., 2004). Dean et al., (1998) viewed that small and large firm owns fundamentally different resources and capabilities and that these differences into the structural characteristics vary in terms of size. Various scholars (Serenko et al., 2007; Youndt et al., 2004) remarked that organizational size may influence the development of intellectual capital via the access to resources. Devex, an international development ranked in the top 10 MFIs in terms of staff size. M-CRIL (2012) define the size of MFI in terms of loan outstanding and number of branches.

2.3.2. Legal status

In the case of MFIs, the legal status signifies the organizational type. During 1980s, a number of registered societies and trust initiated micro finance practices on the basis of grant funds from donors. Later on, some of them began to access funds from domestic apex financial institutions such

as Small Industries Development Bank of India (SIDBI). Others established themselves as local area banks. In the mid-1990s, a number of cooperatives were formed and being registered under the Mutually Aided Cooperative Societies Act (MACS). Some other group of MFIs took the form of not-for –profit companies or called as section 25 companies (Shankar and Asher, 2009). Gradually an increasing number of micro finance institutions (MFIs) were sought for non-banking finance company (NBFC) status from RBI to get broad access to funding, including bank finance. This shows the degree of diversity in the legal status of MFIs. Keeping these arguments in mind it can be hypothesized that,

H1: Firmography has a significant influence the human resource practices of MFIs

3. RESEARCH METHODOLOGY

The sample size for the present study was 252 organisations in India which is doing micro finance activity irrespective of their legal status. Although there are a huge inconsistency and availability of solid data regarding the total number of organisations doing MFIs (N), still Yamane (1967) formula for sampling has been followed to determine the sample size. This formula says n = N/1 + N (e) 2 where 'n' represents a sample size, 'N' represents the total population. In this study, N is considered as around 700 MFIs according to Micro-credit ratings international limited, M-CRIL (2012) report and 'e' represents tolerable error of .05 (in this case). Total number of organizations contacted was 550, of which 252 were responded with a response rate of 46%. The unit of analysis in this study was an organisation. As the organization can't speaks of its own, the purposive sampling technique was chosen and each response collected from the chief decision makers has been treated as the data source. All the five zones (east, west, north, south and central) have been considered proportionately irrespective of legal status and as per the presence of MFIs in these zones.

3.1. Conceptualization of variables

3.1.1. Human resource practice

Human resource practice is the organizational activity directed at managing the pool of human capital and ensuring that the capital is employed towards the fulfilment of organizational goal (Wright *et al*., 1994). Nwachukwu and Chladková (2017) identified four dimensions of HRPs in Nigerian MFIs. These are training and development, employee compensation, human resource planning and work environment. There are four primary practices identified by researchers. Jha and Singh (2015) also mentioned human resource in MFIs issues includes recruitment policies, staff incentive and training, competencies of HRM and assessment of employee's performance in MFIs. Thus the HRPs has been identified are (1) Recruitment Practice which aims at attracting, screening, and selecting a qualified person for the organization (Boam and Sparrow, 1992; Mitrani *et al*., 1992); (2) Compensation and reward practice for providing monetary value and reward to employees in exchange for work performed (Schuler and Jackson, 1987; Schuler and MacMillan, 1984; Wright and Snell, 1991); (3) Training and development is the provision of giving training, workshops, coaching, mentoring, or other learning opportunities to employees (Barney, 1995; Wright *et al*., 1994; Sparrow *et al*., 1994); and (4) Performance management for assessing an individual employee's job performance (Huselid and Becker, 1996).

3.1.2. Firmographic context or organizational demographic context

This is a variable with the combinations of four factors. The size of an organization is determined by three factors, (1) loan outstanding, (2) number of branches and (3) number of employees, and the legal status of the organization. We have not considered the age of the organization because, in the micro finance industry, an organization transform its legal status in any age of its life cycle. All the variables are being standardized by taking the z-scores and finally through cluster analysis two types of firmographic contexts are formed.

According to Wissen (2000), firmography is similar to demography because firms experience processes similar to those faced by human beings. Meanwhile, a firm's size and growth, age as well as economic activity, legal status are significant dimensions of the firm population structure, thus any research on firmographic analysis needs to take those factors into account.

Size is computed as firm's loan outstanding capital number of branches and number of employees (Reed *et al*., 2006; Youndt *et al*., 2004). The Organizational type also acts as moderator (Ahlin *et al*., 2011; Lapenu and Zeller, 2001). In this study, the legal status of the MFI is taken to represent their organizational type.

Research methods used for this study were based on the objectives. It used factor analysis to identify various dimensions of HR Practices of Indian MFIs. The concept of firmography or organizational demography is explored by using a clustering technique. Further to understand the causality between firmographic factors and HR practices, a structural equation modelling (SEM) using Analysis of Moment Structure (AMOS) has been used. A five-point Likert scale has been used to measure the HR practices with reference to the conceptualization and being modified as suited to Indian MFI setting.

4. RESULTS AND ANALYSIS

4.1. Factorization of HR practices

The pattern matrix for HRPs shows that four factors emerged out of which one factor (4th) which consists of one item also has a cross loading. So this issue needs to be omitted. The first factor that has items measuring employee feedback was named as employee feedback. This primarily includes the feedback from employees regarding the performance of the organization and employees, exit survey, staff grievance, employee's opinion about labour climate survey which again covers information or feedback regarding compensation, training process, various organizational processes and culture. The second factor is performance management and training that have the item measures training, compensation, and performance and the third factor is on equal opportunity which has items of measurement for recruitment and selection practice (Table 1).

Table 1: Pattern matrix for human resource practices

Human Resource Practice			
Component			
1	2	3	4
HRP10 0.864			
HRP11 0.860			
HRP13 0.744			
HRP12 0.722			
HRP5	0.841		
HRP7	0.806		
HRP6	0.760		
HRP8	0.545		
HRP4	0.498		
HRP1		0.835	
HRP2		0.700	
HRP3		0.680	
HRP9	0.404		0.851

Bartlett's test of sphericity significance: 0.000
Extraction Method: Principle Component Analysis
Rotation Method: Promax with Kaiser Normalization
Kaiser-Meyer-Olkin measure of sampling adequacy: 0.815

4.2. Cluster analysis for firmographic context (organizational demography)

We use the term cluster analysis to refer to a general approach composed of several multivariate methods for delineating groupings in the data that occur at greater than chance frequency (Henry *et al.,* 2005). Cluster analysis identifies and describes groups of cases defined by similarities or dissimilarities on multiple dimensions. The objective of cluster analysis was to define a new variable based on the four sub- variables that moderate the performance of MFIs. The two-step cluster analysis technique has been used (Chiu *et al.,* 2001) because we had both continuous and categorical variables, and in a single run, this procedure helps to identify the variables that significantly differentiate the segments from one another. Variables are z-standardized by default in order to make them commensurable (Everitt *et al.,* 2011). The two-step method is an one-way approach with two steps through the data which address the scaling problem. It identified pre-clusters in the first step, then treating these as single cases in the second step through hierarchical clustering. The two-step method is also the one chosen when categorical variables with more than three levels are involved. It simultaneously succeeds in delineating groups which differ on criterion variables, and establishes significant relationships between the segments and the categorical and continuous variables. As the variables which determine organizational demographic context or firmographic context have been the formed by the aggregation of four variables that are continuous and categorical in nature, the two-step cluster analysis is preferable. It has been seen from the table that there are two clustered obtained from the sample.

In this study, the categorical variable is the legal status of the organizations whereas the size of the organization is the continuous variable.

The two-step cluster analysis from the data of 252 respondents showed that a two cluster solution has been obtained (Table 2). Based on the variables from which they were derived, the two clusters were named as Firmographic Context 1 and Firmographic Context 2.

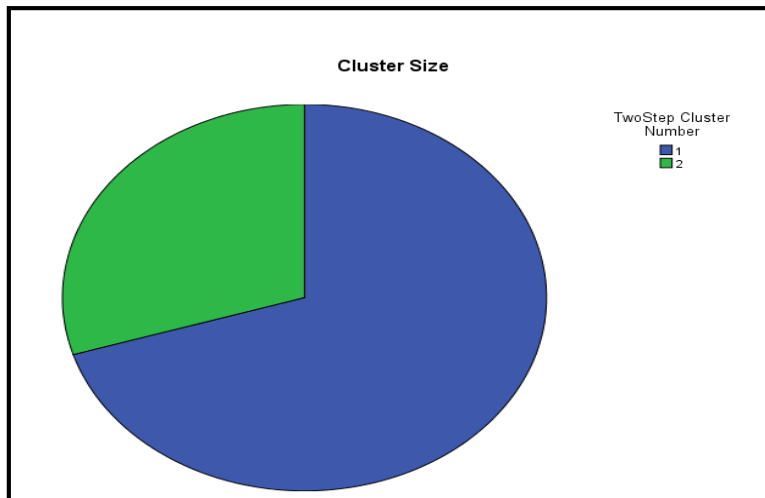**Table 2: Cluster distribution**

		N	% of Combined	% of Total
Cluster	1	174	69.05%	69%
	2	78	30.95%	31%
	Combined	252	100.0%	100.0%
Total		252		100.0%

The cluster pie chart from Figure 1 shows the relative size of the two clusters solution. The cluster analysis divided the group of participants in 2 clusters. Cluster 1 included 174 cases (71% of the total of 252 participants) and the second cluster included 78 cases (31% of total). In Table 3 are presented the centroids characteristics. The cases classified in cluster 1 have a mean value for all the variables below the general while cases classified in cluster 2 have a mean value above the general mean.

Table 3: Centroids characteristics (describing the two clusters)

|		BRANCHES		OUTSTANDING		EMPNO	
		Mean	Std. Deviation	Mean	Std. Deviation	Mean	Std. Deviation
Cluster	1	1.519	0.762	1.621	0.562	1.169	0.457
	2	3.093	1.275	2.866	1.094	2.160	1.065
	Combined	1.988	1.185	1.992	0.94 8	1.464	0.829

Figure 1: Two clusters for Firmography

For categorical variables, cross tabulations and bar charts of the distribution of the variable within each cluster have been obtained. Table 4 and Figure 2 for legal status showed the percentage of all the legal status of both the cluster. It has been seen from the figure (Figure 2) that legal status distribution in both of the clusters is relatively different to the overall distribution.

Table 4: Clustering according to legal status

		NBFC		Section 25		Society		Trust		Cooperatives	
		Frequency	Percent	F	P	F	P	F	P	F	P
Cluster	1	0	0.0	7	70	82	100	52	100	33	0.0
	2	74	100	4	30	0	0.0	0	0.0	0	100
	Combined	74	100	11	100	82	100	52	100.0	33	100
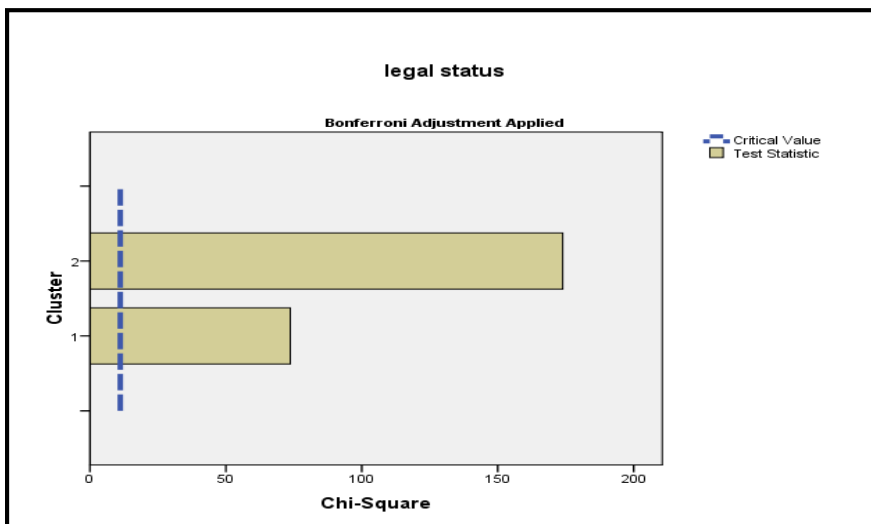
Figure 2: Clustering based on legal status

For continuous variables, instead of plots of chi-square values, we got the plots of t-statistics that compare the mean of the variable in the cluster to the overall mean. The average loan outstanding (Figure 3), average number of branches (Figure 4) and average employee number (Figure 5) shows,

for the two clusters. It has been seen in all the cases that the average is statistically different from the two clusters since the value of the test statistic exceeds the critical value for each of the clusters in all the cases.
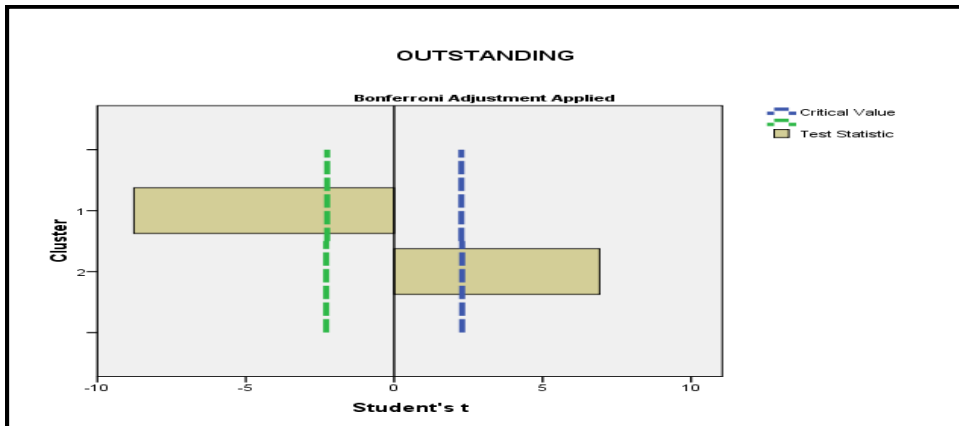

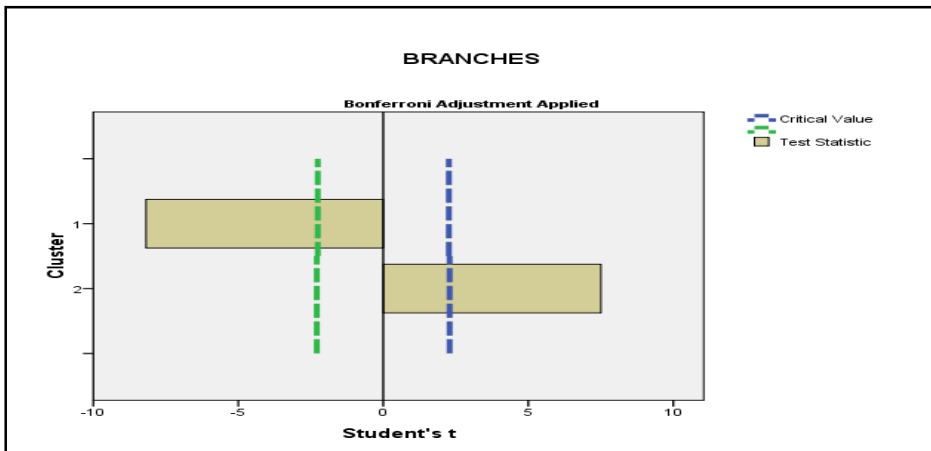**Figure 3: Clustering based on loan outstanding**

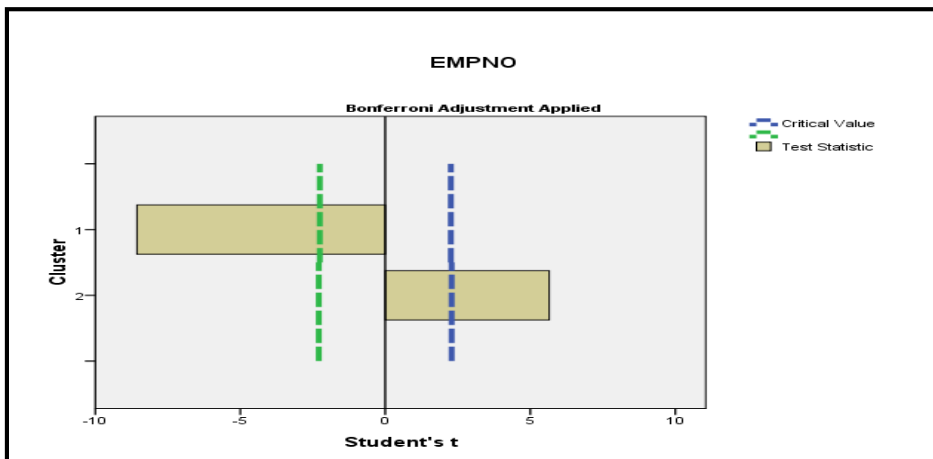**Figure 4: Clustering based on no. of branches**

Figure 5: Clustering based on employee number

The two-step cluster analysis showed a four cluster solutions based on the 252 respondents. Based on the variables from which they were derived, the two clusters were named as Firmographic context one and Firmographic context two. From the Table 5, it has been seen that the Firmographic "context one" is characterized by less than 20 branches. Loan outstanding in context one is less than 500 million whereas in context two the loan outstanding is more than 500 million and are characterized by high financial strength. As far as employees' number is concerned, context one is characterized by employee strength of less than 100. Context two are characterized by employee strength of more than 100. The firmographic context one is consisting organizations with the legal status of societies, trust, and cooperatives. The context two is consisting of NBFCs and few section-25 type MFIs.

Table 5: Characteristics of the contexts coming out from clustering

Name of the variable	Firmographic Context 1	Firmographic Context 2
Branches	Less than 20- outreach	More than 20
Loan outstanding	less than 500 million	more than 500 million
Employee	less than 100	more than 100
Legal status	Society, Trust, cooperatives, few Section 25	NBFC and few section 25

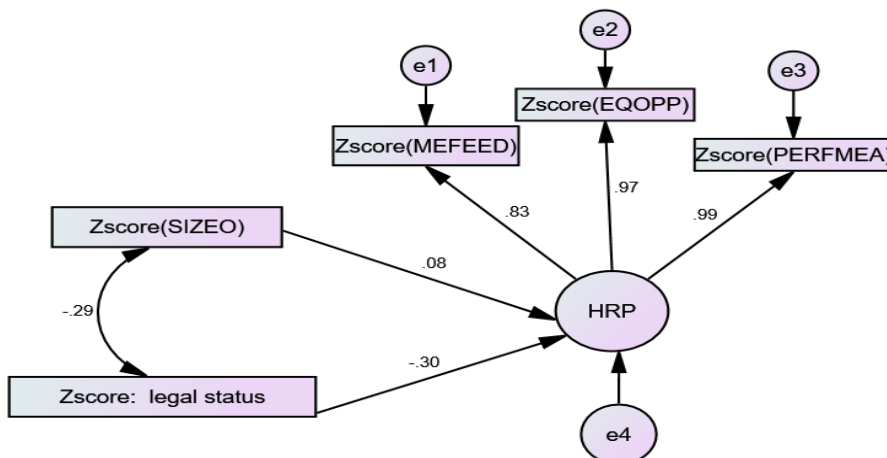### 4.3. Firmography influencing HR practices

The correlation (Table 6) shows that all HR practices are highly correlated and there is a significant correlation exist between all the HR practices factors and firmographic context.

To understand the degree of influence, a regression between firmographic factors (size and legal status) and all the HR practices has been carried out by taking the standardized Z score and factor scores of all HR practices items. This model (Figher 6) shows a perfect fit with Goodness of Fit Index (GFI) is .91 and Comparative Fit Index (CFI) is .97 with Root Mean Square Residual (RMR) close to 0 (0.004).

Table 6: Correlation table of HR practices and firmographic context

	PERFMEA	EQOPP	MEFEED	CONTEXT
PERFMEA	1	0.964**	0.824**	0.409**
EQOPP	0.964**	1	0.808**	0.390**
MEFEED	0.824**	0.808**	1	0.351**
CONTEXT	0.409**	0.390**	0.351**	1

** Correlation is significant at the 0.01 level (2-tailed)

Figure 6: Structural model- influence of Firmographic factors on HR practice

As it has been evident from the structural model (Table 7) that size doesn't have any significance impact on the HR practices but at the same time legal status has a significance influence on the HR practice.

Table 7: Result of causal model

	Estimate	S.E.	C.R.	P Label
HRP←ZSIZEO	0.067	0.052	1.281	0.200
HRP←ZLEG_STA	-0.251	0.053	-4.740	***

5. DISCUSSION

The Firmographic context one is consisting of organizations with the legal status of societies, trusts, and cooperatives. These MFIs are characterized by less than 20 branches. Loan outstanding in context one is less than 500 million means they have little financial strength As far as employees number is concerned, MFIs in this context are categorized by employees strength of less than 100.

The context two is consisting of NBFCs and few Section-25 type MFIs. These organizations have more than 20 branches. They are characterized by the loan outstanding of more than 500 million and are characterized by high financial strength. They are having employee strength of more than 100.

Here, it may be assumed that small organizations are more likely to make the best out of their existing resources, rather than attracting new, more skilled and superiorly paid employees. They may have to focus on their outreach, they may need to increase the number of borrowers and be concerned about ethical issues and dilemmas associated with borrowing. Strategic and operational preferences of small organizations are quite often restricted by resource constraints, but it is evident that HC development facilitated by training can play a critical role in innovation and consolidation of small and medium size organizations (Baldwin and Johnson, 1996). The training should focus on developing the competencies of managing client relations, improving decision making ability and being value driven. It may help to improve the social performance of the MFIs in the aspects of information disclosure and being mission centric.

Specially compared to small organizations in "Context one", it may be assumed that larger organizations in 'Context two" being large in size and widespread face the challenges of loan collection recovery and ethical issues related to it. So they are more likely to adopt due process and procedures (Dobbin, 1988). Thus, they are expected to focus on providing training to the employees in understanding the complexity of these processes and the link between the operational measures and strategic goal. This requires that these large MFIs have more sophisticated staffing plan (Terpstra and Rozell, 1993) with a focus on recruitment of the right kind of employee, career development and employee engagement.

As it has been apparent from the structural model that size don't have any significance impact on the HR practices where as legal status has a significance influence on the HR practice, this validate the result cluster analysis which indicates there is a substantial influence of firmography on the HR practices in micro finance organizations.

6. SCOPE OF FUTURE RESEARCH, LIMITATIONS AND IMPLICATIONS

In statistical modelling, the predictor variable is analogous to an independent variable and is used to predict an outcome (the criterion variable). One of the main differences between independent/dependent and criterion/predictor variables is the concept of causation. So it can be assumed that there might be certain antecedents or descendants of the HR practices. Thus this study opened a scope for studying certain intervening variables in this relationship context.

The research would be useful for policymakers and micro finance practitioners to understand and strategize their human resource practices according to the firmographic context. This may ensure their humane and sustainable growth and justify their reason for their existing.

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