

Godfroid, Cécile; Otit, Naome; Mersland, Roy

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## Employee tenure and staff performance: The case of a social enterprise

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ORCID (Roy Mersland): 0000-0002-6683-2737

## **Employee Tenure and Performance: The Case of a Social Enterprise**

### **ABSTRACT**

The literature on social enterprises has largely examined tradeoffs at the organizational level. In this paper, we look at tradeoffs at the employee level. By analyzing the case of an Ecuadorian microfinance institution, we show that tenure of social enterprise employees affects individual social and financial performances differently: the relationship between tenure and social performance is a positive one, whereas that between tenure and financial performance is an inverted U-shaped one. Furthermore, our results suggest that social enterprise employees with the longest tenure are the least inclined to experience tradeoff tensions.

Keywords: employee tenure, social enterprises, tradeoffs, social performance, financial performance

## **Employee Tenure and Performance: The Case of a Social Enterprise in Ecuador**

### **1. Introduction**

Social enterprises have gained in popularity since their appearance in the 1980s and 1990s and are now considered as an alternative to charity organizations and government intervention in social, economic, and environmental issues (Saebi, Foss, & Linder, 2019; Yunus, 2017). They are hybrid organizations since they pursue a social mission in an entrepreneurial way (Battilana & Dorado, 2010; Battilana & Lee, 2014; Santos, 2012) and endorse dual (financial and social) logics (Battilana & Dorado, 2010; Pache & Santos, 2013; Wry & York, 2017). To ensure their sustainability, they must find the right balance between social and financial objectives. Successful social enterprises cannot succeed in one dimension only. Indeed, to be able to attain a larger long-term outreach, social enterprises must be financially sustainable. Nevertheless, financial performance must remain a means to achieve their social mission, and not become an end in itself.

Balancing both financial and social performances may not be easy to achieve (Civera, Cortese, Mosca, & Murdock, 2020) and unfortunately, nowadays, there are many examples of social enterprises that face tradeoff tensions between both types of performance and opt to favor their financial mission over their social one as they mature, a trend known as “mission drift” (Tykkyläinen & Ritala, 2021). Since social enterprises are “labor-intensive rather than capital-intensive organizations” (Nakagawa & Laratta, 2013: 2; Anheier, 2005), they must rely on their employees to reach such a balance. Therefore, the employees of social enterprises are expected to be the guardians of the hybridity of the organization they work for.

However, employees of social enterprises also face some internal tensions. They may encounter difficulties in identifying with both prongs of the organizational mission (Battilana & Dorado, 2010) and, just like the organization they work for, they may face tradeoff tensions

between reaching those objectives (Doherty, Haugh, & Lyon, 2014; Nason, Bacq, & Gras, 2018). These tradeoff tensions are called “performing tensions” (Civera et al., 2020; Smith, Gonin, & Besharov, 2013). Furthermore, as mentioned by Zychlinski, Lev, and Kagan (2020), social enterprise employees have to fulfill their primary obligation of increasing clients’ well-being while being constrained by their secondary obligation of achieving financial self-sufficiency. Beisland, D’Espallier, and Mersland (2019) even observe mission drift at the employee level. In what they term “personal mission drift,” the authors find that employees’ prosocial motivation decreases as the length of their employment at the organization increases.

Our aim in this study is to deepen our understanding of the tradeoff tensions faced by social enterprises by examining these tensions at the employee level. More precisely, our paper considers the effect of employee tenure on both social and financial performances and on a combined measure of both types of performance.

To examine the relationship between employee tenure and both social and financial performances measured at the individual level, we use a sample of 1,757 employee-quarter observations taken from 196 loan officers at a specialized socially oriented microfinance bank in Ecuador. Our results from multilevel random-effects models suggest a positive linear relationship between tenure and social performance, and an inverted U-shaped relationship between tenure and financial performance, with financial performance increasing at first and decreasing afterwards.

Finally, considering that tradeoff tensions are expected to disappear when employees reach the right balance between social and financial performances, we attempt to determine how employee tenure affects the achievement of individual hybrid performance. We say that a loan officer achieves hybrid performance when he receives a good to excellent score on one type of performance and a satisfactory score on the other type of performance. Our results suggest a

nonlinear relationship, where the likelihood of achieving hybrid performance initially increases with tenure, this increase becoming steady afterwards, showing that, employees with the longest tenure are the most able to achieve hybrid performance and the least affected by tradeoff tensions.

Our study contributes to several streams of the literature on social enterprises. First, it is among the first quantitative studies on employee behavior in such organizations. In the microfinance literature, for example, attention is commonly focused on donors as crucial stakeholders, rather than on employees. Our study follows the stream of literature that suggests that employees by themselves can affect the achievement of social enterprises' performance objectives (Beisland et al., 2019). Building on Battilana and Dorado (2010) and Battilana and Lee (2014), we show that human capital is an influential component of "hybrid organizing," that is, managing "the activities, structures, processes and meanings by which organizations make sense of and combine multiple organizational forms" (Battilana & Lee, 2014: 397). Additionally, we show that one should not neglect employee tenure when looking at hybrid organizing since by influencing the type of performance that employees favor, employee tenure also influences the type of institutional logic adopted by the organization.

Second, while mission drift and tradeoffs in social enterprises are mostly examined at the firm level (e.g., Reichert, 2018), we consider them at the employee level. Our findings highlight the importance of examining tradeoffs in social enterprises also at the micro level.

Third, we contribute to the literature on tradeoffs in social enterprises by spotlighting one specific type of tradeoff, namely, the above-mentioned "performing tensions" that are experienced by social enterprise employees, and by showing that employee tenure has a role to play in the emergence of such tensions. This is in line with Nason et al. (2018) and Saebi et al. (2019) who

highlight that the hybrid nature of a social enterprise creates ambiguity and uncertainty among various stakeholders including the employees.

Fourth, our study builds on preliminary empirical evidence that the tradeoff tensions experienced by social workers vary according to their tenure. Although Zychlinski et al. (2020) show tenure is related to tradeoff tensions for social workers in the governmental and for-profit sectors but not for employees of social enterprises, the authors acknowledge that further research is needed to confirm their study. Here, we show that for social enterprise employees, the likelihood of experiencing tradeoff tensions is lower for long-tenured employees.

## 2. Literature review

### 2.1 Organizational behavior in social enterprises

Social enterprises are mission-oriented organizations. According to Besley and Ghatak (2005), mission-oriented organizations are better able than corporate organizations to attract prosocially motivated agents, i.e., employees who “may care directly about the social payoff” (Besley & Ghatak, 2017: 28). However, due to the dual (financial and social) logics these organizations endorse, there is evidence that employees do not necessarily identify with both logics (Battilana & Dorado, 2010; Besharov, 2014). Moreover, employees see this dual logic being integrated in their daily work and are thus likely to experience tradeoff tensions (Saebi et al., 2019). Additionally, the dual logics and identities of these organizations also create a breeding ground for interpersonal conflicts (Besharov, 2014; Glynn, 2000; Zilber, 2002). All these elements point to the various challenges faced by employees of social enterprises. If not well managed, these challenges may compromise the hybridity of these organizations (Beisland et al., 2019). The success of social enterprises thus largely depends on their ability to attract, select, and retain the employees who are the most motivated and able to find the right balance between both social and financial performances (Moses & Sharma, 2020).

In this paper, we focus on one type of social enterprise: microfinance institutions (MFIs). MFIs are organizations that offer financial services to low-income families or microenterprises that are excluded from the traditional banking system. Like other social enterprises, MFIs pursue a double bottom line mission of reaching out to and positively impacting the well-being of as many clients as possible while ensuring their own financial sustainability.

Loan officers can be considered the guardians of the hybridity of the organization, since they affect both financial and social performances (Agier, 2012). As reported by Dixon, Ritchie,

and Siwale (2007), loan officers have a direct impact on outreach and client empowerment. Since loan procedures in microfinance are largely decentralized (Labie, Méon, Mersland, & Szafarz, 2015), loan officers exercise a considerable degree of discretion and cannot be easily monitored. Their job is often viewed as particularly demanding for several reasons. First, they are confronted with harsh conditions in the field (Siwale, 2016) since they may work in unsecured and remote areas. Second, like employees in other types of social enterprises, loan officers are more likely to experience tradeoff tensions (Siwale, 2016). Specifically, they are expected to act as personal advisors and as debt collectors (Siwale & Ritchie, 2012), and these tasks are often in conflict. Indeed, recovering debt often puts loan officers in an uncomfortable situation (Kar, 2013) if they are personally affected by the borrowers' well-being. Indeed, in some cases, they must adopt a stricter attitude to ensure loan repayment. They are also highly pressured to reach targets in terms of loan portfolio growth, causing them to "sometimes [experience] trouble fulfilling their community role" (Morvant-Roux, Guérin, Roesch, & Moisseron, 2014: 309), and inducing them to grant as many loans as possible. Moreover, granting too many loans carries the risk of pushing some clients into over-indebtedness (Rahman, 1999; Schicks, 2010). All of this clearly shows that microfinance loan officers may face numerous tensions in the accomplishment of both financial and social targets.

Since this paper aims to analyze the effect of microfinance loan officers' tenure on possible tradeoffs between their individual financial and social performances, the next section will be dedicated to a review of the literature on the relationship between job tenure and performance.



## 2.2 Employee tenure and performance relationship

### 2.2.1 Employee tenure and social performance

The attraction–selection–attrition (ASA) model (Schneider, 1987; Schneider, Goldstein, & Smith, 1995) seems to be particularly adapted for understanding the relationship between tenure and social performance in value-driven organizations such as microfinance institutions and other social enterprises that need to have people who identify with the organizational double bottom line. This model argues that “newcomers are attracted to [and prefer to stay in] organizations that match their properties and requirements” (Solinger, Van Olffen, Roe, & Hofmans, 2013: 1644) and that organizations select the people who best correspond to their characteristics and requirements (Bretz, Ash, & Dreher, 1989; Solinger et al., 2013: 1644). People who do not have a good person–organization fit are screened out by attraction and selection processes (Kristof-Brown, Zimmerman, & Johnson, 2005). Moreover, person–organization and person–job fits tend to increase with the length of employment in the organization (Schneider et al., 1995) or in the job. In the case of social enterprises, we can talk about personal–organizational value fit (De Clercq, Fontaine, & Anseel, 2008) because of the social orientation of such organizations. As mentioned by Cable and Judge (1996), employees internalize organizational values over time, and the alignment between employees’ values and organizational values favors organizational commitment.

The literature focusing on social enterprises and other mission-oriented organizations tends to show that such organizations are able to attract and recruit employees with personal values that fit with the organizational ones (Besley & Ghatak, 2005; Ohana & Meyer, 2010). Brolis and Angel (2015) go one step further by explaining that this implies social enterprises’ ability to attract prosocially motivated employees, that is, employees who are willing to undertake efforts to benefit others (Batson, 1987). The good personal-organizational value fit (De Clercq et al., 2008) resulting

from the hiring process in social enterprises may be explained in two ways. First, applicants place a high premium on altruistic and social values when applying to a social enterprise. Second, the “limited profit distribution” constraint of social enterprises acts as a signal that by working for such an organization, one will be able to contribute to the general interest (Ohana & Meyer, 2010; Brolis & Angel, 2015).

Furthermore, retention may also play a role in the job tenure–social performance relationship since, as suggested by Hsieh, Weng, and Lin (2018), social enterprise employees who do not identify with the organizational values tend to voluntarily resign. According to Cornelius, Todres, Janjuha-Jivraj, Woods, and Wallace (2008: 362), social enterprises “may [...] lack appropriate emphasis upon good ethical HR practices.” Indeed, these authors explain that “the strength of the community social mission [...] may be so embedded in the corporate ethos that less attention may be paid to internal matters” (Cornelius et al., 2008: 356). Additionally, some individuals, particularly in countries where many MFIs operate, might present themselves as being motivated by the social mission of social enterprises in their desperate search for a job (Siwale, 2006; Siwale, 2016), and thus be quick to leave when presented with opportunities in the for-profit sector. Indeed, social enterprises are reported as offering fewer motivational incentives compared to for-profit firms due to their limited resources (Brolis, 2018). Therefore, we can assume that employees who stay for a long time in a social enterprise demonstrate a high organizational commitment, which may be reflected in an increase in job performance (Jaramillo, Mulki, & Marshall, 2005) and in this case in social performance.

The above arguments lead us to propose the following hypothesis:

*Hypothesis 1: The relationship between the tenure of social enterprise employees and their social performance is positive.*

### 2.2.2 Employee tenure and financial performance

The relationship between employee tenure and social performance in social enterprises discussed above is based on a match between the employees' inherent values and the organizational ones. By contrast, the relationship between employee tenure and financial performance in social enterprises may be more dependent on the employees' skills and knowledge, and is thus more closely related to the employee tenure-financial performance relationship that has been highlighted in the for-profit sector. Therefore, in this case, we argue that mobilizing the literature pertaining to the for-profit sector is relevant.

Scholars have long argued that the amount of time an employee spends in a particular job (job tenure), or organization (organizational tenure) is positively linked to job performance (McEnrue, 1988; Ng & Feldman, 2010a, 2010b; Shirom & Mazeh, 1988). Murphy (1989) goes one step further, by suggesting that tenure will first increase and then decrease job performance. He developed a two-stage model of performance that seems to be particularly appropriate to examine the relationship between employee tenure and individual financial performance. This model suggests that the factors inducing performance vary with employee tenure. The model distinguishes two stages of tenure: a transition stage and a maintenance stage.

In the transition stage, employees gain abilities, skills, and tacit and explicit knowledge (Myers, Griffith, Daugherty, & Lusch, 2004). This is closely related to human capital theory (Becker, 196). Employees thus become more familiar with the tasks that they have to perform (Schmidt, Hunter, & Outerbridge, 1986; Wagner, Ferris, Fandt, & Wayne, 1987), with their role in the organization (Steffens, Shemla, Wegge, & Diestel, 2014), and with organizational procedures, norms, and culture (Chatman, 1991; Steffens et al., 2014; Tesluk & Jacobs, 1998). Based on human capital theory, tenure can therefore be viewed as a main source of human capital

(Becker, 1975; Mincer, 1974). Since a higher level of human capital is known to increase individual performance (Ng & Feldman, 2010a, 2013; Sturman, 2003), the relationship between tenure and individual financial performance is expected to be positive in the transition phase.

Later in their tenure, employees enter the maintenance stage. According to motivation and job design theories (Hackman & Oldham, 1976), longer-tenured employees have lower job performance. They engage in fewer non-task related activities (Organ, 1988) and demonstrate less organizational commitment (Stout, Slocum, & Cron, 1988). Consequently, employees in the maintenance stage are more likely to make mistakes (Ng & Feldman, 2013) and even engage in counterproductive work behaviors (Bennett & Robinson, 2000).

Reminiscent of Murphy's (1989) two-stage model of performance, Helmreich, Sawin, and Carsrud (1986) use the analogy of a honeymoon effect to characterize the effect of tenure on motivation. During the first few months on the job, employees experience excitement, an important aspect of intrinsic motivation. As time passes, however, employees perceive the job as involving lower task variety and as being less stimulating, leading to a decrease in motivation (Gardell, 1971; Hackman & Oldham, 1976, 1980).

Turning to the empirical literature, some studies show a significant positive relationship between employee tenure – whether defined in terms of job tenure, organizational tenure, or experience – and individual financial performance (Ali & Davies, 2003; Gordon & Fitzgibbons, 1982; Hunter & Hunter, 1984; Quinones, Ford, & Teachout, 1995), while other studies find no significant relationship (Gordon & Johnson, 1982; Ng & Feldman, 2013). A nonlinear effect of tenure on individual financial performance is also frequently highlighted. For example, some studies show that the relationship between employees' organizational tenure and employees' financial performance is a positive one, but the strength of this positive relationship decreases over

time (Jacobs, Hofmann, & Kriska, 1990; Ng & Feldman, 2010a; Steffens et al., 2014), while other studies find that this relationship is an inverted U-shaped one that first increases and then decreases (Blakemore & Hoffman, 1989; Sturman, 2003). Additionally, the level of accumulation of human capital tends to be lower for employees with longer tenure than for newly hired ones (Ng & Feldman, 2010a; Sturman, 2003). This finding can be explained in terms of Murphy's model: during the transition stage newly hired employees have to learn new skills and tasks, whereas during the maintenance stage employees are already familiar with the tasks to perform (Murphy, 1989). Due to this reduced accumulation of human capital along employees' tenure, the positive effect of such accumulation on their financial performance decreases over time (Ng & Feldman, 2010a; Steffens et al., 2014).

The above arguments lead us to propose the following hypothesis:

*Hypothesis 2: The relationship between the tenure of social enterprise employees and their financial performance is an inverted U-shaped one in which individual financial performance first increases and then decreases.*

### 3. Methodology

#### 3.1 Data

##### 3.1.1 Context

To conduct our study, we use a unique dataset coming from Banco D-MIRO, an Ecuadorian microfinance institution. Ecuador, a Latin American country of 16.62 million inhabitants (2017 census), is an upper middle-income country with a per capita GNI of US\$ 5,920 and a human development index of 0.6 (The World Bank, 2018). In terms of poverty, the percentage of the population living on less than \$1.90 a day was 3.2% in 2017 against 28.2% in 2000 (The World Bank, 2018). In 2017, 51.24% of the population (over 15 years old) had a bank account<sup>1</sup> against 37% in 2011. Regarding the microfinance sector, in 2016, Ecuador appeared in the top 10 countries based on the number of borrowers and gross loan portfolios and is ranked 19<sup>th</sup> of 55 countries in terms of the enabling environment for financial inclusion (Economist Intelligence Unit, 2018). The “Red Financiera Rural” national network,<sup>2</sup> which comprises 50 microfinance players and represents the main part of Ecuador’s microfinance industry (Beisland et al., 2019), reports a total loan portfolio of \$3,984,782,704 and a total of 1,180,424 clients.

Banco D-MIRO, the microfinance institution examined in our case study, transformed from a small credit project established in 1997 to an independent NGO called Fundación D-MIRO in 2006 and thereafter to a fully regulated bank supervised by the Banking Superintendency in 2011.<sup>3</sup> Its 13 branches are located in 5 provinces and 8 cities throughout the coastal region of Ecuador. The religious background of Banco D-MIRO is not unique. Historically, faith-based organizations have been driving financial inclusion for centuries, and today around one-fifth of all MFIs have a Christian origin (Mersland, D’Espallier, & Supphellen, 2013). Banco D-MIRO pursues a strong

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<sup>1</sup> The World Bank (2017), <https://globalfindex.worldbank.org/>

<sup>2</sup> <http://www.rfd.org.ec/informe-anual>

<sup>3</sup> <https://www.d-miro.com/nosotros/nuestra-historia/>

social mission, as attested by the 4 stars attributed to it by MicroRate,<sup>4</sup> a leading microfinance rating agency. In 2016, based on a report from MicroRate (2016), the percentages of the population served by Banco D-MIRO with an income below the poverty line and with an income below the extreme poverty line were respectively 29.8% and 10.3%. The percentage of female borrowers at Banco D-MIRO reached 56.2% in 2016 (MicroRate, 2016). At the same time, this MFI operates with non-trivial but not very high profit margins (ROE around 5–10% annually).<sup>5</sup> As explained by Beisland et al. (2019), because of its social orientation and ability to be financially sustainable, Banco D-MIRO can be considered a typical MFI. At the end of 2016, its loan portfolio amounted to \$92,973,263, representing 37,995 active borrowers (MixMarket).

### 3.1.2 Sample

We use two unique datasets from Banco D-MIRO's core banking systems: one containing information on the personal characteristics of 256 loan officers and the other containing quarterly information on all the credits that were disbursed between the second quarter of 2012 and the third quarter of 2016. Since staff turnover is relatively high, with few loan officers staying in the MFI for more than a few years, this period of time appears sufficiently large to explore the effect of employee tenure on individual performance. The information is anonymized in compliance with the General Data Protection Regulation (EU) 2016/679 (GDPR). Based on the code attributed to each loan officer, we merge these two databases and restructure all the information by loan officer and by quarter. We exclude from the sample observations on loan officers who were in the organization for less than 2 quarters in order to avoid the deterioration of the proportion of a loan portfolio that is more than 30 days overdue (PaR30), deterioration which is inevitable for loan

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<sup>4</sup> Five is the maximum number of stars that can be attributed.

<sup>5</sup> Source: Banco D-MIRO, Memoria Institucional 2017.

officers who have just entered the organization. Our final panel dataset consists of 1,757 loan officer–quarter observations, including 196 loan officers who worked for Banco D-MIRO for the period 2012Q2–2016Q3 (18 quarters).

## 3.2 Variables

### 3.2.1 Dependent variables

In order to measure employees' social performance, we use two indicators linked to clients' business growth, development, and success: the mean change in clients' business total assets and the mean change in clients' business operating income between two quarters. We deem these to be suitable measures since microfinance aims to provide financial services to microentrepreneurs who are excluded from the traditional banking system (Hudon & Sandberg, 2013) and thus aims to finance income-generating activities. Another reason these are suitable measures is that most credits offered by MFIs (including Banco D-MIRO) are dedicated to clients' businesses (Fafchamps, McKenzie, Quinn & Woodruff, 2014; Karlan and Zinman, 2012). Changes in clients' business operating income and clients' business total assets are evaluated at the client level. This is particularly interesting since loan officers' social performance is better reflected when viewed at the client level. These measures are then aggregated for each loan officer in each quarter by taking the mean of the changes in these indicators for all clients of a specific loan officer.

We measure employees' individual financial performance by the portfolio at risk over 30 days (PaR30). To build such a measure, we divided the loan officers' portfolio at risk that is more than 30 days overdue by their gross loan portfolio (MicroRate, 2014). It is thus calculated at the employee level and differs from one loan officer to another and evolves along quarters. It is inversely related to financial performance; that is, a low PaR30 signifies low credit risk, and hence



higher financial performance. To facilitate the understanding of our results, we consider the additive inverse of PaR30 by dividing it by -1. In that way, high values of PaR30 correspond to high financial performance. A measure of financial risk linked to loan default that can be used to proxy for loan officers' financial performance is highly relevant in the microfinance industry. Indeed, one of the main factors that contribute to the success of modern microfinance is the importance that the MFI attaches to repayment; by contrast, the earliest microcredit projects were less concerned about defaults, thereby endangering their own survival (Cull, Demirgüç-Kunt, & Morduch, 2009). Several innovative techniques have been used by modern microfinance institutions to ensure repayment, such as group lending and joint liability (Hermes & Lensink, 2007; Postelnicu, Hermes, & Szafarz, 2014), progressive lending (Egli, 2004; Morduch, 1999), and highly developed monitoring and enforcement mechanisms, including the possibility of loan officers visiting clients at home to collect repayment (Dixon et al., 2007).

In order not to rely entirely on a risk-related measure to gauge the financial performance of loan officers,<sup>6</sup> we also conduct our analysis with the loan officers' portfolio size (logged) as an alternative dependent variable.<sup>7</sup> The value of the outstanding portfolio and the portfolio at risk are indeed the main criteria used by MFIs for offering monetary rewards to loan officers (Beisland et al., 2019; De Pril & Godfroid, 2020).

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<sup>6</sup> Some might argue that low PaR30 does not necessarily mean high financial performance but rather suggests loan officers' risk aversion leading them to only focus only on reliable clients. Nevertheless, controlling repayment is considered the main challenge to assure an MFI's long-term survival (Zamore, Beisland, & Mersland, 2021).

<sup>7</sup> We are aware that this performance measure may be highly correlated with our two social measure variables: change in clients' business operating income and change in clients' total assets. Nevertheless, initial checks do not reveal any problem of multicollinearity between the value of the loan officers' outstanding portfolio and our social dependent variables.

### 3.2.2 Independent variable

Our main independent variable is a loan officer's tenure, indicating how long the loan officer has worked in that position in the MFI. It is a continuous variable that is expressed in terms of number of quarters. For instance, a loan officer who has worked for 8 quarters is considered to have more tenure than one who has worked for 3 quarters.

### 3.2.3 Control variables

We control for sociodemographic factors pertaining to the loan officers since substantial differences that exist among them might affect performance (Otit, Andersson, & Mersland, 2021; Agier, 2012). Following Beisland et al.'s (2019) study on loan officers' experience, we control for age and gender. Age is a continuous variable that is included on the assumption that older microfinance loan officers perform differently than younger ones, and gender is a dummy variable that is included on the assumption that male loan officers perform differently than female ones. In terms of gender, Beck, Behr, and Guettler (2013) find that female loan officers have portfolios with lower default rates than their male counterparts, but van den Berg, Lensink, and Servin (2015) find that the opposite is true. We also consider the loan officer's education to have an effect on both social and financial performances (Siwale, 2016). It is represented as a continuous variable with three levels, namely, secondary (junior high school), post-secondary (senior high school), and university education. As an example, Siwale (2016) finds differences between less educated and more educated employees, particularly in the performance of field activities. On the one hand, less educated loan officers are reported to relate better to the poorest clients (Siwale, 2016). On the other hand, more educated loan officers are found to be better at managing their portfolios and keeping default rates low (Bruns, Holland, Shepherd, & Wiklund, 2008).

Furthermore, we control for loan officers' turnover. Turnover is represented by two separate dummy variables, voluntary turnover, which refers to loan officers who resigned, and involuntary turnover, which refers to loan officers who were dismissed. Each of these variables takes a value of 1 for the last quarter in which the loan officer worked, and 0 otherwise. This enables us to control for the fact that loan officers who are about to leave may be tempted to reduce their performance. We also control for the rate at which loan officers have clients transferred to them. This enables us to control for the fact that loan officers are required to take over the portfolio of colleagues who are leaving or being promoted within the organization. Furthermore, loan officers are also sometimes asked by the MFI to rotate their clients with other loan officers. We denote this by "rotates in" and "rotates out," respectively. To illustrate, *rotates in* refers to the rate at which a loan officer obtains new clients from another loan officer in the MFI, and *rotates out* refers to the rate at which a loan officer transfers his clients to another loan officer in the MFI.

Additionally, we control for some clients' characteristics in the regression. Specifically, we control for the proportion of female clients and the average age of the clients in a loan officer's portfolio since loan repayment rates are higher for female clients than for male ones (D'Espallier, Guérin, & Mersland, 2011; Staveren, 2001) and higher for older clients than for younger ones (Godfroid, 2019). Both variables are expected to have an influence on the growth and success of MFIs. As an example, since women are recognized as using their loans in a more efficient way than men (Pitt & Khandker, 1998), the enterprises owned by female borrowers are expected to perform better (Thapa, 2015). Moreover, Eijdenberg and Borner (2017) find that the entrepreneurs' age is positively linked to the performance of their microenterprises. We also include a control variable for the current loan cycle of the client. It indicates the number of loans that a particular client has received since his/her entry into the microfinance institution.

Finally, we control for the number of loan officers in a branch and for quarters.

### 3.3 Supplementary data

We complement the quantitative data with qualitative insights from discussions with different staff members regarding our findings during a seven-day visit to Banco D-MIRO in September 2019. This qualitative investigation should be considered a complementary means to further apprehend the rationale behind the quantitative results rather than a real qualitative study. We held four group discussions with 5 to 11 loan officers per group. Group discussions started with a presentation of our quantitative findings. Loan officers were then encouraged to give their opinion on the topic and to try to explain the econometric results in light of their own experience. In order to better comprehend the functioning of the institution, some discussions were also conducted individually with the CEO, with two branch managers, with the heads of the credit, IT, risk, business, HR, compliance, innovation, and recovery departments, and finally with two individual loan officers. All participants gave their consent to participate in this research and were informed that their anonymity would be guaranteed. Since recording was not possible, we took notes during all the individual and group discussions, and transcribed and later translated into English some sentences quoted directly from the verbal communications of the participants (in Ecuador, Spanish is the national language and is spoken by two of the authors of this study).

### 3.4 Descriptive statistics

- Insert Table 1 about here -

Table 1 presents the number of observations, the means, and the standard deviations of the variables used in our study. The total approved loan amount is expressed in US dollars and the job tenure in quarters. Based on this table, we can see that the average PaR30 and portfolio size are

9.4% and USD 909,207, respectively. The mean change in the clients' business operating income between two quarters in loan officers' portfolios is 1.05% whereas the mean change in the clients' business total assets is 98%. The average tenure is almost 10 quarters. It should be noted that in our case, age is not highly correlated with tenure since tenure among individuals varies from 3 to 21 quarters while age varies from 23 to 55 years.

### 3.5. Econometric approach

Since our data exhibits a nested structure in which loan officers are nested within bank branches, we conduct a multilevel random-effects analysis, using loan officers as the first level and branches as the second level. We chose the multilevel random-effects analysis in order to include time-invariant variables, namely, some loan officers' sociodemographic characteristics. Random-effects models assume that there is no correlation between the unobserved error term and each independent variable (Green, 2008).

To express our hypotheses regarding the effect of employees' tenure on their individual social and financial performances, we formulate the following equations:

$$\begin{aligned} \text{social performance}_{ijt} = & \alpha_0 + \beta_1 \text{tenure}_{ijt} + \text{loanofficer control variables}_{ijt} + \\ & \text{branch control variable}_{jt} + \mu_{0jt} + \varepsilon_{ijt}, \end{aligned} \quad (1)$$

$$\begin{aligned} \text{financial performance}_{ijt} = & \alpha_0 + \beta_1 \text{tenure}_{ijt} + \beta_2 \text{tenure}_{ijt}^2 + \text{loanofficer control variables}_{ijt} + \\ & \text{branch control variable}_{jt} + \mu_{0jt} + \varepsilon_{ijt}, \end{aligned} \quad (2)$$

where  $\text{social performance}_{ijt}$  and  $\text{financial performance}_{ijt}$  are the dependent variables for loan officer  $i$  at branch  $j$  at in quarter  $t$ ,  $\beta_1$  and  $\beta_2$  are the coefficients of the main independent variable (tenure),

$loanofficercontrolvariables_{ijt}$  is a vector of loan officer level control variables,  $branchcontrolvariables_{jt}$  is a vector of branch level control variables,  $u_{0j}$  is the error term at the branch level, and  $e_{ijt}$  is the error term at the loan officer level.

## 4. Results

### 4.1 Effect of tenure on social performance

The results from the analysis of the relationship between tenure and social performance are presented in Table 2.

- Insert Table 2 about here -

Table 2 shows a positive linear relationship between tenure and clients' business operating income per loan officer in Model 1 and a positive linear relationship between tenure and change in clients' business total assets per loan officer in Model 2, lending support to Hypothesis 1. This suggests that the remaining employees, i.e., those with longer tenure, are the ones who are better able to improve clients' well-being. Moreover, since personal–organizational value fit tends to increase over time, social enterprise employees with longer tenure better internalize the organizational values and are therefore better able to contribute to the clients' well-being. It should be noted that microfinance loan officers may perform multiple roles including that of acting as the client's financial advisor (Siwale and Ritchie, 2012). Taken together, the findings suggest that as time progresses, loan officers develop a closer relationship with clients, accumulate more and more soft information about them and their businesses, and become more competent advisors. It is therefore plausible to assume that all of these factors are reflected in the growth of their clients' microenterprises.

## 4.2 Effect of tenure on financial performance

Table 3 highlights the results on the effect of tenure on financial performance.

- Insert Table 3 about here -

Model 1 and Model 2 show that financial performance as measured by the additive inverse of PaR30 and by loan officer's portfolio size first increases with tenure and then decreases. Therefore, the relationship between tenure and financial performance is an inverted U-shaped one, as suggested in Hypothesis 2.

In Figure 1, we observe that the curve between tenure and financial performance as measured by the additive inverse of PaR30 reaches its maximum between 12 and 13 quarters.<sup>8</sup>

- Insert Figure 1 about here -

The initial increase in financial performance is the result of a learning effect and an accumulation of human capital (Becker, 1964; Mincer, 1974). Loan officers' tenure seems to be particularly important when lending to small and medium-sized enterprises and other more informationally opaque borrowers. This is because loan officers with longer tenure develop long-term relationships with clients, enabling them to acquire soft information on these borrowers (Fiordelisi, Monferrà, & Sampagnaro, 2014; Uchida, Udell, & Yamori, 2012). This acquisition and production of information can help loan officers both to ensure repayment and to offer new credit to existing clients (Scott, 2006). In a study on the role of loan officers in the performance of microloans distributed by an MFI in Brazil, Agier (2012) finds that loan officers' tenure positively affects their ability to distinguish between good and bad clients, and that the enhancement of their screening ability over time can be explained in terms of relationship lending and learning-by-doing.

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<sup>8</sup> Simple slope tests show that the minimum of the curve is obtained for a level of job tenure of 12.44 quarters, a relatively intermediate tenure compared to the maximum of 21 quarters in our sample.

In the second stage, financial performance decreases with tenure, signaling demotivation and job boredom (Medoff & Abraham, 1980; Ng & Feldman, 2013) as well as complacency. The loss of motivation also reflects the effect of harsh conditions in the field that loan officers or employees of social enterprises generally encounter in their job. Indeed, in microfinance, loan officers face difficult conditions in the field, such as physical insecurity, robbery, poor transportation infrastructure, harsh weather conditions, and clients with little or no education, as highlighted by Siwale (2016) and van den Berg et al. (2015). Informal discussions with loan officers also provide additional insight into the reasons behind this decline in performance. Specifically, numerous loan officers informed us that, with time, they became overconfident in their ability, reached their “comfort zone,” and developed strong emotional bonds with clients, all of which led to less strict credit analysis and hence to lower loan portfolio quality. Moreover, some loan officers cited lack of career advancement as a source of demotivation.

Our results also show that loan officers with a higher percentage of senior and female clients exhibit higher financial performance.

#### 4.3 Additional analysis: Effect of tenure on hybrid performance

Examining the impact of employee tenure on social performance (Table 2) and financial performance (Table 3) yields interesting findings. We begin by noting that, given the hybrid nature of social enterprises, social performance and financial performance form a continuum whose extremes are high social performance and high financial performance. As Muñoz and Kimmitt (2019) explain, this is the perspective adopted by most studies on social enterprises. Thus, our study examines the effect of tenure on the tradeoff between social and financial performances.



Given that there is a tradeoff between social and financial performance, we say that a loan officer achieves hybrid performance when he receives a good to excellent score on one type of performance and a satisfactory score on the other type of performance. Specifically, for our hybrid performance variable, we attribute a value of 1 when a loan officer has a social performance (financial performance) that is greater than or equal to the 50<sup>th</sup> percentile and also has a financial performance (social performance) that is within the 40<sup>th</sup>–49<sup>th</sup> percentile range at minimum.<sup>9</sup> A value of 0 is attributed otherwise. The social performance is measured as the mean change in the client’s business total assets and the financial performance as the loan officer’s loan portfolio size.<sup>10</sup>

To the best of our knowledge, no such combined measure has been used in the social enterprise literature; thus, our examination is merely an exploration of how hybrid performance may be impacted.

In Table 4, we perform a multilevel logit regression for binary outcomes to determine the effect of tenure on the likelihood of achieving hybrid performance.

- Insert Table 4 about here -

The results in Table 4 highlight a nonlinear relationship between tenure and the likelihood to achieve hybrid performance, where the coefficient of *tenure* is positive and significant and the coefficient of *tenure*<sup>2</sup> is negative and significant. Figure 2 shows that the achievement of hybrid performance reaches its peak at 21 quarters of tenure. Thereafter, it remains steady. Since 21

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<sup>9</sup> For the purposes of this paper we have adopted the view that high social performance and high financial performance cannot be reached concurrently. In other words, as one improves one’s social performance, one neglects one’s financial performance and vice versa. The right balance falls somewhere in between these two extremes; hence the “tradeoff.” Nevertheless, we also recognize, even if it is not the view adopted in our paper, that high social performance and high financial performance can, in some instances, be reached concurrently.

<sup>10</sup> Our number of observations for financial performance is 1,011 for the 40<sup>th</sup>–49<sup>th</sup> percentile range and 878 for the 50<sup>th</sup>–100<sup>th</sup> centile range. Our number of observations for social performance is 149 for the 40<sup>th</sup>–49<sup>th</sup> percentile range and 828 for the 50<sup>th</sup>–100<sup>th</sup> percentile range.

quarters is the maximum tenure in our sample, we can conclude that employees with the longest tenure are the most likely to achieve hybrid performance and thus are the least likely to experience tradeoff tensions.

- Insert Figure 2 about here -

## 5. Discussion and Conclusion

This study aims to better apprehend how tenure may influence social enterprise employees' ability to achieve a balance between social and financial performances. Due to the dual logics social enterprises endorse, employees may, in their daily work, face tradeoff tensions between social and financial performances, making the achievement of a balance between both types of performance particularly difficult. Indeed, as Siwale and Ritchie (2012) argue, in microfinance, loan officers may be caught on the horns of a dilemma in having to fulfill the conflicting roles of financial advisor and debt collector. It is recognized in the literature that tradeoff tensions between both types of performance may endanger the sustainability of social enterprises (Saebi et al., 2019). Since Nakagawa and Laratta (2013) acknowledge that social enterprises, in particular MFIs, are often labor-intensive organizations, we consider tradeoffs at the employee level to be particularly relevant to the discussion on ensuring the sustainability of hybrid organizations.

By conducting a quantitative analysis based on a sample of 1,757 employee–quarter observations from an Ecuadorian microfinance institution and using insights from some group and individual discussions in the field, we are able to examine the effect of tenure on employees' social and financial performances.

Firstly, we show that employees' social performance tends to increase with tenure and that the relationship between employees' tenure and financial performance is an inverted U-shaped

one. Employees' financial performance thus undergoes a two-stage development. In the first stage, financial performance increases with tenure because of a learning effect and the accumulation of human capital (Becker, 1964; Mincer, 1974). In the second stage, financial performance tends to decrease to a lower level.

While most studies examine the effect of tenure on either social or financial performance, we ran a multilevel logit regression model for binary outcomes in order to consider both types of performance simultaneously. Our results show that the relationship between tenure and hybrid performance is non-linear where the likelihood of achieving hybrid performance initially increases (until 21 quarters of tenure) and subsequently plateaus. This shows the lower likelihood of long-tenured social enterprise employees to experience tradeoff tensions. Indeed, after a certain time spent in the organization, employees internalize both the social and financial institutional logics enshrined in the organizational mission, helping them to identify with the dual organizational mission and to experience fewer tradeoff tensions. Furthermore, in line with the attraction–selection–attrition and personal–organizational value fit models, we could argue that employees who do not adhere to the organizational values – both social and commercial – probably would have left the organization earlier.

In summary, the findings provide two key contributions to the literature. First, theoretically, we inform the literature on hybrid organizing by offering a deep understanding of the factors that may influence tradeoff tensions between social and financial performances at the employee level. Here, contrary to other studies, namely the ones conducted by Battilana and Dorado (2010), Battilana and Lee (2014), and Besharov (2014), our study shows that such tensions are related not only to the composition of the workforce in terms of the values endorsed or the background acquired by employees, but also to their tenure in the social enterprise that they work

for. The second contribution of our study is in showing that tradeoff tensions experienced by social enterprise employees may evolve even without any organizational intervention and may just be a result of the time spent in the social enterprise. Our findings show that the likelihood of finding a balance between social and financial performances is indeed higher for long-tenured employees.

Furthermore, our study offers two main empirical contributions. First, while tradeoffs in social enterprises are mostly examined at the firm level (e.g., Reichert, 2018), we argue that such tradeoffs should also be examined at the micro level by showing that the dichotomy between the social and financial missions or between the developmental and commercial institutional logics is reflected in the loan officers' ability or willingness to find the right balance between social and financial performances. Second, from a methodological perspective, we are among the first authors, to our knowledge, to examine tradeoffs experienced by social enterprises' employees through a quantitative analysis.

Our study enables us to offer some recommendations to managers of social enterprises and especially microfinance institutions. It emphasizes the importance of exposing employees to the organizational values from the outset. It also suggests the need for the development of human resource practices that facilitate the selection and training of employees so that are able to confront and resolve the tradeoff tensions. To this end, the study suggests the need for employee reward systems that are linked to the achievement of both social and financial objectives in a bid to reduce the tradeoff tensions experienced by employees in achieving the required targets.

Based on our study, we can thus argue that in organizations where employees should achieve both social and financial objectives, short-tenured employees will be the least able to manage tradeoff tensions.

As in all research, the study has some limitations. First, our data does not offer us the opportunity to measure employees' prosocial motivation, a variable that may influence social performance. Prosocial motivation is a variable of a latent nature that cannot be observed directly while our data only consists of observed variables. We are thus unable to determine whether the increase in social performance with tenure is related to an increased desire to help others or is rather linked to the loan officers' capabilities and capacities to perform better on social aspects with time. In the microfinance literature, Beisland et al. (2019) show that newly recruited loan officers are often motivated by a desire "to do good" but that loan officers' enthusiasm to serve the poor tends to peak early in their career and decrease afterwards. While we could not observe a decline in social performance with tenure, we cannot affirm that loan officers' prosocial motivation is not negatively affected by time. Second, our results on the combined performance measure are merely a first step toward establishing how tenure may influence the tradeoff between social and financial performances at the individual level; however, we highlight that to the best of our knowledge there is no recognized measure in the literature that combines both types of performance. It is relevant to note that, while in this study we considered that social and financial performances in social enterprises form a continuum and that tradeoff tensions disappear only when both performances reach a balanced level, Muñoz and Kimmitt (2019) rather argue that there is not necessarily a tradeoff between them, and that high social performance and high financial performance can exist in tandem. Finally, since we consider only one MFI in one context, our results might not be generalizable to other settings. However, we argue that the studied MFI is representative of organizations operating in the microfinance sector for five main reasons. First, like most microfinance organizations, it aims to achieve a double bottom line. Second, it exhibits the typical business model of MFIs in terms of geographical coverage within a country through its

numerous branches, and in terms of the latitude it offers to loan officers. Third, due to the recent trend of commercialization in the MFI industry, it has evolved from an NGO to a bank as several other MFIs are doing (D’Espallier, Goedecke, Hudon, & Mersland, 2017). Moreover, it has international influence from various stakeholders as is typical in the microfinance industry (Mersland, Randøy, & Strøm, 2011). Finally, the context in which the studied MFI operates is a typical microfinance context since Latin America is one of the largest MFI markets. We would also argue that our findings may be of inspiration to the universe of social enterprises since microfinance institutions are recognized in the literature to be a common type of social enterprise (Battilana & Dorado, 2010). So, although we cannot claim outright that our study is generalizable, we can at least argue that our case study is a typical one offering us the opportunity to develop theoretical contributions (Yin, 2012).

This study creates opportunities for future research. Since not all employees of social enterprises are prosocially motivated and, even among the prosocially motivated ones, some are animated by “pure altruism” and others by “impure altruism” (Andreoni, 1989), as shown by Godfroid (2017), future research could try to consider the different types of employee motivation when examining the effect of tenure on individual performance. Second, future studies can delve deeper into the tenure–performance relationship in other types of social enterprises beyond microfinance institutions as well as consider different contexts of operation for comparative purposes. Third, future research could examine the potential moderating effect of the gender and educational background of social enterprise employees on the relationship between tenure and performance. As an example, in terms of gender, Beck et al. (2013) suggest that female loan officers have portfolios with lower default rates compared to their male counterparts, while van den Berg et al. (2015) suggest the opposite. In terms of education, the type of educational

background and the level of education should both be considered, as argued by Battilana and Dorado (2010) and Siwale (2016).

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Table 1: Descriptive Statistics

Variable	Description	Observations	Mean	Std. Dev.	Min	Max
<b>Dependent Variables</b>						
PaR30 (additive inverse)	Portfolio at risk (30 days) *(-1)	1,757	0.0940	0.1854	0	1
change_operatingincome	Change in clients' operating income between two quarters in a loan officer's portfolio	1,631	0.0105	0.0187	-0.1424	0.5092
change_totalassets	Change in clients' total assets between two quarters in a loan officer's portfolio	1,657	0.9829	2.1736	-0.6296	42.4354
lo_portfoliosize	Loan officer's portfolio size (in \$)	1,757	909,207.9	329,416.3	637.33	2,317,381
<b>Independent Variable</b>						
tenure	Tenure (quarters)	1,757	9.9795	5.1242	3	21
<b>Control Variables</b>						
loanofficer_age	Loan officer's age	1,648	34.3489	5.8404	23	55
male_loanofficer	Loan officer's gender (1 if male, 0 otherwise)	1,757	0.5253	0.4995	0	1
loanofficer_education	Loan officer's education (1 secondary, 2 post-secondary, 3 university)	1,757	2.5054	0.8271	1	3
voluntary_turnover	Voluntary turnover (1 if the loan officer has voluntarily left during the last quarter, 0 otherwise)	1,757	0.0586	0.2350	0	1
involuntary_turnover	Involuntary turnover (1 if the loan officer has involuntarily left the MFI during the last quarter, 0 otherwise)	1,757	0.0322	0.1312	0	1
rotates_in	Rotates in	1,757	0.0323	0.1507	0	0.9770
rotates_out	Rotates out	2,246	0.0383	0.1436	0	1
cycle	Average clients' loan cycle in a loan officer's portfolio	1,757	3.16499	1.14387	1	7.096899
client_age	Average age of clients in a loan officer's portfolio	1,757	43.704	2.4970	31	50.784
femaleclient_percentage	Percentage of female clients in a loan officer's portfolio	1,757	0.5744	0.0075	0	1
loan officers/branch	Number of loan officers per branch	1,757	7.638589	2.262085	2	13



Table 2: Results for the Tenure–Social Performance Relationship

VARIABLES	(1) change_totalassets	(2) change_operatingincome
Tenure	0.0533724*** (0.0160583)	0.0002384* (0.0001434)
loanofficer_age	-0.0148222 (0.0098894)	-0.0003081*** (0.0000891)
loanofficer_education	0.1188466* (0.0691122)	-0.0007674 (0.0006231)
male_loanofficer	-0.0422462 0.1145864	-0.0001859 (0.0010275)
involuntary turnover	-0.2060353 0.5183222	-0.0062081 (0.0063076)
voluntary_turnover	-0.3808243 (0.2823949)	-0.0035999 (0.0027584)
rotates_in	-0.0252709 (0.3949733)	0.0013567 (0.0035444)
rotates_out	0.3254257 (0.3451089)	0.0001141 (0.0031634)
cycle	0.2104251*** (0.0732327)	0.0012998** (0.0006459)
client_age	0.0157223 0.0380562	-0.0003691 (0.0003328)
femaleclient_percentage	1.090531 0.9144106	0.0256048*** (0.0082467)
loanofficers/branch	-0.1078865*** 0.0388604	-0.0012277*** (0.000329)
Constant	-18.66373*** 4.541777	0.084294** (0.0408818)
Number of Observations	1,548	1,522
Loglikelihood	-3340.6843	3891.6969
Quarter Controls	YES	YES

Standard errors in parentheses.

\*\*\* p&lt;0.01, \*\* p&lt;0.05, \* p&lt;0.1.

Table 3: Results for the Tenure–Financial Performance Relationship

VARIABLES	(1) PaR30 (additive inverse)	(2) Portfoliosize (log)
Tenure	0.0128345*** (0.0042091)	0.0487148*** (0.0183665)
tenure <sup>2</sup>	-0.0007454*** (0.000191)	-0.0026555*** (0.000839)
loanofficer_age	-0.0015184** (0.0007465)	-0.0006022 (0.0025031)
loanofficer_education	0.0077575 (0.0052093)	-0.0093167 (0.0174788)
male_loanofficer	-0.0139327 (0.0086492)	0.0090158 (0.028972)
involuntary_turnover	-0.4152172*** (0.0400243)	-1.155394*** (0.1371688)
voluntary_turnover	-0.2693938*** (0.0215597)	-0.8806495*** (0.0730564)
rotates_in	0.0314712 (0.0305504)	-0.1240397 (0.1032612)
rotates_out	0.0132725 (0.0260892)	0.0812688 (0.0879505)
Cycle	0.0240243*** (0.0056231)	0.1823025*** (0.0193397)
client_age	0.0128928*** (0.0028778)	0.0820416*** (0.0100696)
femaleclient_percentage	0.1763492*** (0.0684634)	0.2557706*** (0.2337043)
loanofficers/branch	-0.0066632** (0.0029997)	-0.0301916*** (0.0112679)
Constant	-2.301373*** (0.3326307)	8.874047*** (8.874047)
Number of observations	1,648	1648
Loglikelihood	653.58696	-1337.481
Quarter Controls	YES	YES

Standard errors in parentheses.

\*\*\* p&lt;0.01, \*\* p&lt;0.05, \* p&lt;0.1.

Table 4: Results for the Effect of Tenure on the Combined Social and Financial Performance

Measure

VARIABLES	Hybridperformance
Tenure	0.4185858*** (0.0950855)
tenure <sup>2</sup>	-0.0150241*** (0.0042625)
loanofficer_age	0.0085207 (0.0127446)
loanofficer_education	0.0043176 (0.0921953)
male_loanofficer	0.1599423 (0.152164)
involuntary_turnover	-1.534572* 0.8800669
voluntary_turnover	-0.5484285 (0.3978311)
rotates_in	-0.4179143 (0.5047464)
rotates_out	0.5258071 (0.4679375)
Cycle	0.5411094*** (0.0993593)
client_age	0.142875*** (0.0554378)
femaleclient_percentage	-3.662212*** (1.1791)
loanofficers/branch	-0.0906154 0.0604867
Constant	-8.703831*** 2.533335
Observations	1,548
Loglikelihood	-686.69008
Quarter Controls	YES

Standard errors in parentheses.

\*\*\* p<0.01, \*\* p<0.05, \* p<0.1.

Figure 1: Relationship between Tenure and PaR30 (additive inverse)

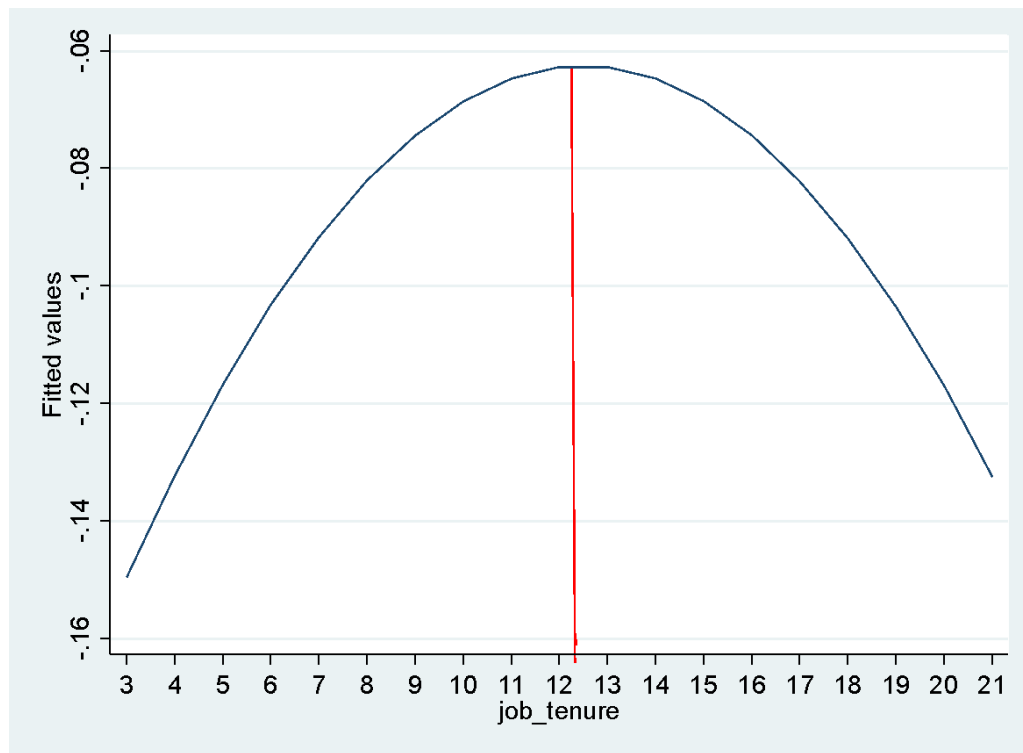


Figure 2: Relationship between Tenure and Hybrid Performance

