Achieving Performance Targets and Reducing Staff Turnover in a Not-For-Profit Organisation

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Abstract

Despite being in a sector that traditionally attracts intrinsically motivated staff, Company X experiences a high turnover of staff. This is due to poor performance which has a significant impact on morale. The targets set by management are strictly enforced and there appears to be a mismatch between a strategic and operational approach. There is also no consistency in the way that poor performance is addressed. This paper presents a proposal for improving performance and introducing incentives to motivate employees. In addition it recommends a management support system that will help employees achieve targets and the company to meet its organisational goals. This would ensure that everyone within the company worked together and supported each other as lack of support was found to be one of the main reasons why employees left the company. Although Company X offers initial orientation training, this was another major source of dissatisfaction leading to employee resignations. This paper proposes a more systematic and structured approach to training that should benefit both employees and the company, and ensure that the high staff turnover is reduced.

Keywords: Performance targets, Achieving goals, Staff turnover, Management support.

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1. Introduction

Company X is a not-for-profit organisation that is based in Western Australia. It has approximately 400 employees across different service industries, such as family day care, employment services, and community outreach programmes. Employment service providers receive government funding to assist job seekers back into the workplace. There are targets in place that individual case managers and employment brokers need to reach on a monthly basis to generate revenue to support ancillary services. Due to government funding there are also strict requirements regarding the documentation and recording of appointments, job search activities, work trials and job placements.

The current performance management system is carried out on a monthly basis, and while Parry (50 Lessons, 2004) advocates that performance criteria is set against mutually agreed targets; this is not the case with Company X where the targets are set and strictly enforced by management. In theory having regular reviews should ensure that targets are being met, and that any difficulties are addressed in a timely fashion. However, Company X experiences a high turnover of staff in the employment services section due to poor performance and low morale. There has been no change or review of the current performance system over the past 5 years and the organisational culture in terms of '*the way we do things around here*' (Deal and Kennedy, 1982) could be a major factor.

One of the biggest challenges within Company X is how employees are failing to meet their performance targets on a regular basis. However, it seems that while performance review systems that are based on a purely strategic approach are favoured by senior management, line managers are more focused on the operational perspective (Nankervis *et al.*, 2012) which may not match when it comes to measuring employee performance, especially in a customer service facing role.

The second challenge would follow in how management could facilitate employees to meet the set targets. It may be that additional training is required, but this is only likely to be successful if it is designed to address specific gaps (Kroll and Moynihan, 2015). This can also apply to management in how they tackle poor performing employees as Goodhew *et al.* (2008) noted that even experienced managers were inconsistent in their approach despite similar backgrounds within the same company.

Company X experiences a high turnover of staff and the lack of support may be a crucial factor. The proposed plans will look at how Company X can address the issue of poor employee performance through training and the use of motivation and rewards. Employees and management completed an online questionnaire which can be found in Appendix A. Any reduction in turnover would mean more job stability and experience within each site, leading to better employee performance and competitive advantage through organisational know-how.

1.1. Challenge One – Why are Employees not Meeting Monthly Targets?

Despite Company X offering orientation training and carrying out monthly performance reviews, employees are failing to meet their monthly targets on a regular basis. From an organisational perspective it is important to have some formalized key performance indicators (KPI) to measure employee performance to benchmark against others. The targets set by management have been put in place in order to generate a desired level of revenue, however there is no transparency in terms of why those targets have been set, nor how employees are able to achieve them on a regular basis.

1.2. Orientation Training

One way of resolving this may be orientation training which has been found to significantly impact the performance of employees. According to Tabyuma *et al.* (2015) orientation training contributes towards job satisfaction by reducing uncertainty in employee roles; and improved employee performance due to a better understanding of the requirements and challenges in that particular role. The current company orientation training provided by Company X is held at head office before employees are sent to their respective sites in the afternoon to start on the online modules.

However, from the questionnaire survey results, 80% of respondents disagreed that the orientation training they received was relevant to their role, with 50% stating that the additional modules were not relevant to their role either. These results indicate that new employees are not adequately prepared for their specific role when they start work, and so they have no real knowledge or training in how to meet their targets. This was also reinforced by a manager who cited the lack of support and initial training as a major factor why employees were struggling with their performance.

Both employees and a manager who were interviewed felt that orientation training provided by an experienced employee in the role would benefit new employees. It is also worth noting that 80% of respondents felt under pressure to complete their orientation modules as quickly as possible, even though there was no timeframe in place to complete them. If employees were given a reasonable timeframe they could then plan their modules alongside induction training with an experienced employee, making the induction process less stressful.

As such, Company X needs to consider what information and support is given to new employees to reduce uncertainty in their role and help them get up to the required performance levels. The table below (Table 1) proposes targeted and timed outcomes for the implementation of recommendations concerning orientation training (e.g. start date, stop date, follow up, etc.); the roles and responsibilities within the organization to carry out these recommendations; and the measurement methods to determine the success of these suggested recommendations.

Table-1. Orientation Training Recommendations

	When	Who	Timeframe	Follow Up
1.Company Orientation Training	Start date of new employee	HR department	Morning	Short questionnaire following induction training to check learning and understanding of main corporate functions and responsibilities
2.Industry Orientation Training (online modules)	First week of new employee starting	Line manager to oversee progress	One week	Line manager to check progress mid-week and end of week should have print out confirmation of all completed modules to send to HR
3.Role Specific Orientation Training	First week of new employee starting	Line manager to oversee progress and allocate experienced staff member for new employee to shadow	One week	Line manager to get feedback from experienced employee and new employee on progress at end of the week. New employee to start own case load on second week with support from rest of team. Monthly performance review to follow.

Source: Author

1.3. Challenge Two - How can Management Facilitate Employees to Meet Targets?

With less than a third of employees believing that their performance management review process helps them improve their performance (Gruman and Saks, 2011) Company X and its line managers need to increase engagement as a driver to lead to improved performance. This could be achieved through different motivation strategies such as offering professional development and / or relevant rewards. Management need to increase facilitation for employees to be more productive due to the dynamic and multi-faceted nature of work, rather than focus on the transaction functions of management (Gruman and Saks, 2011).

1.4. Motivation

Employees who choose to work in a not for profit environment have been found to have higher intrinsic motivational levels as they feel the work they do is important and they want to make a difference within the community (Deckop and Cirka, 2000). This is reflected in the questionnaire results which show how the desire to make a difference, as well as Company X's job advert were the main motivation factors to work for the company.

Gruman and Saks (2011) state how factors such as employee engagement can improve performance and lead to competitive advantage, so it is important to consider the best ways to achieve this within a non- profit organisation, as management cannot rely on the intrinsic motivation of employees alone (Deckop and Cirka, 2000). Torrington *et al.* (2014) also propose that goal setting should be realistic and in collaboration with employees to achieve employee engagement. Interestingly, while 80% of those surveyed understood why targets were set, only 20% agreed that they were achievable, with just 10% agreeing that targets were achievable on a consistent basis. In terms of motivation, 80% respondents were motivated by their team and manager to achieve their targets, which show how important 'pulling together' can be.

2. Professional Development

One way that management can assist employees is to identify the areas of weakness through a performance review and then communicate and discuss those weaknesses in a constructive manner. Any additional training that is offered to an employee to help improve performance is only likely to be successful if the training provided is designed specifically to address those skills gaps (Kroll and Moynihan, 2015). Current training provided by Company X is generic in nature and delivered by the HR personnel who are not experienced or qualified trainers. While written feedback on formal documentation may state the benefits of receiving such training, employees may express a different opinion verbally away from management and HR. In this case it is more of going through the motions rather than taking away valuable knowledge.

This can also apply to management in how they tackle poor performing employees as Goodhew *et al.* (2008) noted that even experienced managers were inconsistent. Professional development training is currently not available within Company X and it is hard to see how management and employees can improve their performance if they are not sufficiently trained nor given the appropriate tools to do so. In interviews with both management and

staff at Company X, training and lack of support were cited as the main reasons that staff leave the company. It is important to note that even though management may have differing personalities, it is their capabilities that ultimately drive team performance. Kroll and Moynihan (2015) propose that companies are reluctant to implement such training programmes due to limited resources and with a not for profit company such as Company X, resources for training and development may be diverted elsewhere due to organisational requirements and goals.

2.1. Reward Systems

Another way to incentivise employees and increase motivation is the use of a rewards system. As a charity and not for profit organisation, Company X has limited resources. Torrington *et al.* (2014) propose that there are a variety of ways that organisations can pay employees that are based on results that contribute towards organisational goals, although this statement may be firmly based on profit organisations that require more robust reward schemes in order to motivate employees. Deckop and Cirka (2000) investigated the use of merit pay to maximise the allocation of financial resources within a not for profit environment and found that justice related factors had an effect on the intrinsic motivation of employees. If there is any perception that the system is unfair then motivation levels will drop. Again the use of benchmarking and subjective managerial reviews would cause resentment, particularly in this working environment. Some individuals may easily reach their targets compared to others due to their client caseload, which may have more employable jobseekers, but this wouldn't be on a consistent basis. Other areas to consider are how well certain barriers to employment were being addressed for those job seekers who are deemed not job ready, as these are not part of the current appraisal measurements but are still part of the employee's role.

2.2. Non-Monetary Incentives

When surveyed about non-monetary incentives that would motivate Company X employees, the most popular response with 80% agreement was a day off outside of annual leave for the achievement of a certain task. This would be in line with the theory from Tabyuma *et al.* (2015) that public sector companies are more likely to adopt certain policies to encourage work / life balance. Even though Company X has not done so at this stage, there is an expectation from employees that this type of reward should be in place. Having a strong team dynamic and good organisational skills should compensate for any operational concerns for this particular reward. Companies are more likely to experience increased absenteeism and sickness when motivational levels are low (Nankervis *et al.*, 2012) so it would follow that increased motivational levels would result in fewer days off, meaning that the company could operationally afford to offer days off as a reward.

The next most popular answers from the questionnaire regarding non-monetary rewards were a simple thank you and recognition from senior management, as well as flexible working arrangements. This would imply that Company X can achieve greater employee engagement and increase employee motivation in a cost-effective manner.

Company X needs to consider how it can support and motivate employees to facilitate them achieving targets on a regular basis and contributing towards the overall strategic goals of the organisation. The table below (Table 2) proposes targeted and timed outcomes for recommendations concerning facilitating employee performance (e.g. start date, stop date, follow up, etc.); roles and responsibilities within the organisation; and measurement methods to determine the success of stated recommendations.

Table-2. Support & Motivation of Employee Recommendations

	When	Who	Timeframe	Follow Up
1.Employee Skills Training	Whenever required after a skills gap has been identified at the monthly performance review	Delivered by internal or external training specialist e.g. sales, customer service, etc. Specialist to be sourced by HR	One month to complete skills training and put knowledge to practical use in role	Monthly review of performance with feedback from employee on effectiveness of training
2.Management Skills Training	Quarterly	Combination of specialist training (internal / external) as well as sharing best practice to increase in-house knowledge	One day training	Management feedback on training given immediately after each quarterly training session Employee feedback to HR on manager performance on support and guidance given on monthly basis
3.Non-monetary Reward System	To be introduced with immediate effect and rewards to be given on a monthly basis	Line managers to be given discretion over types of rewards based on collaboration with employees	Reward system to be implemented over the next 3 months	Employee feedback on motivation towards performance after 3 months Line manager feedback on employee performance after 3 months HR feedback on staff turnover after 3 months

Source: Author

3. Conclusion

Deckop and Cirka (2000) found that employees working in not for profit organisations had naturally higher intrinsic motivation levels which were actively fostered by emphasising the organisation's mission and values. This was highlighted in the responses from Company X employees which showed that motivation to make a difference was a main reason for applying for a role with the company, as well as having previous experience in the industry.

With 70% of respondents agreeing that Company X's orientation training provides information about the company, the company should also look at providing specific role training to new employees to give them practical advice and tips from experienced team members with similar roles. When it comes to addressing specific capacity gaps, Kroll and Moynihan (2015) found that training matters, but how training matters within an organisational setting remained elusive. From this is seems that direct measurement is not always possible, but the knock-on effects of increased staff morale and engagement may still benefit the company. By implementing additional training Company X would be able to address the issues of current systems not meeting operational requirements. In turn, by improving operational performance, the organisation can start to address organisational strategies. Although Company X employees may have a higher intrinsic motivation to carry out their role, the company should not take that for granted. The implementation of an effective reward system within Company X is far more complex and perhaps the reason why a set system has not been introduced to date. Employees working in employment services sector are dealing with clients who have additional non-work related challenges that affect their employability, and yet high employability targets are set by management. Toulson (2014) notes that there are still aspects within HR and employee performance that simply cannot be measured. Effective customer service cannot be objectively measured and shown to contribute to overall performance due to the variety and subtlety of the work involved (Gruman and Saks, 2011). This is a challenge for Company X to decide whether to factor in other work responsibilities and customer service by its employees when it comes to performance management.

The recommendations provided show line managers taking on more HR related responsibilities, which could allow HR to take on a more strategic role. The downside to this could be that the line managers in question may not have the required skills, time or motivation to carry out these activities (Torrington *et al.*, 2014). With this in mind, Company X would need to ensure that current systems are streamlined where possible so that managers can manage their employees more effectively by providing the necessary coaching and mentoring (Douglas and Freeman, 2014).

Another limitation is that even though Company X employees may be more pro-social due to higher intrinsic motivations (Grant and Berry, 2011) it is important to ensure that employees are given perspective training to promote mindfulness of organisational needs so that both parties goals are aligned (O'Donohue *et al.*, 2015).

The proposed recommendations with specific timeframes and outcome measurements should determine whether the change in approach has a positive effect on employee motivation and engagement, and therefore positively impact on employee performance. The current performance management system is not effective and this is obvious from the high level of staff turnover and the inability for employees to meet targets on a consistent basis. By implementing these recommendations is it hoped that Company X can maximise existing resources and provide motivational incentives in a cost-effective manner in order to achieve organisational strategic goals.

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APPENDIX A Questionnaire

1. What is your current role within the organisation?

Case Manager	
Business Development / Broker	
Reception / Concierge	
Team Leader	
Site Manager	

2. Have you held any other roles within the company prior to your current role?

No, this is my first / only role	
Case Manager	
Business Development / Broker	
Reception / Concierge	
Team Leader	
Site Manager	

3. Prior to joining this company, have you worked in this sector before?

Yes	
No	

4. Prior to joining this company, have you worked for a not for profit organisation before?

Yes	
No	

5. What was your main motivation to join this organisation?

Role looked interesting on job advert	
Wanted to make a difference in the community	
Heard good things about the company	
Other:	
Change in career (2) Wanted case management experience (1)	

6. In total, how long have you worked at this company?

Less than a year	
1 – 2 years	
2 – 5 years	
5 + years	

7. Please rate the following statements on your orientation training (OT) with this organisation

	Strongly Disagree	Slightly Disagree	Neither Disagree Nor Agree	Slightly Agree	Strongly Agree
I felt the OT delivered at HQ was informative about the company					
I felt the OT delivered at HQ was relevant to my role					
I felt I was prepared to start work on my arrival to my allocated site					
I felt the OT modules were helpful and informative about the industry					
I felt the OT modules were relevant to my role					
I felt pressure to complete my OT modules as quickly as possible					

8. Please rate the following statements on the current performance review process within this organisation

	Strongly Disagree	Slightly Disagree	Neither Disagree Nor Agree	Slightly Agree	Strongly Agree
I feel my work performance is accurately recorded in each review					
I feel that additional aspects of my role should be included in each review					
My manager gives me a fair performance review					
My manager provides support and guidance if I fail to achieve targets					
I think the current system could be improved					

9. Please rate the following statements regarding the achievement of monthly targets

	Strongly Disagree	Slightly Disagree	Neither Disagree Nor Agree	Slightly Agree	Strongly Agree
I understand why the targets have been set					
I have been consulted regarding the setting of targets					
The set targets are achievable					
The set targets are achievable on a consistent basis					
I am able to control the achievement of set targets					
I am motivated by my team to achieve targets					
I am motivated by my manager to achieve targets					
I am rewarded appropriately for achieving my targets					

10. Non-profit organisations are not always able to offer monetary incentives to employees. As such, which of the following rewards / benefits would motivate you to perform better? (may choose more than one)

A thank you and recognition from senior management	
An opportunity to move into other roles within the company	
Flexible working arrangements	
Accredited courses and vocational training	
A day off (outside of annual leave) for achieving certain targets	
Job security	
Something based on personal interest e.g. gym membership	
Other	

APPENDIX B – Employee Interview Questions

How do you think the current Orientation Training (OT) given to staff can be improved?
What do you think is the biggest reason why staff leave the company?
With monthly performance management reviews and targets, do you find the experience stressful?
What would you do to improve the performance management review process?
Do you think the company will ever change the process? Why / Why not?