Using a Performance Analysis to Influence Employee Turnover: A Case Study Review

Raimeika Bradley, Susmita Devisetty, Jennifer Rivers

Georgia State University

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Introduction

There is a lack of qualitative empirical research on HR performance improvement solutions as it pertains explicitly to turnover. However, within this short case study, Hatcher and Brooks attempt to offer possible alternative solutions for similar manufacturing plant companies heavily inundated with low-skilled, low-waged and service-oriented jobs addressing high turnover rates. Jeans, Inc. was operating for over thirty plus years and employed over five-hundred employees most of which were Caucasian females. Like most plant manufacturing companies, more than forty percent of Jeans, Inc's employees signed up to be apart of and protected by the union. Jeans, Inc. recently experienced external factors that saturated, impeded, and indirectly affected their hiring and retention model as a result of an increase of unskilled/semiskilled workers flooded into the hiring pipeline. As a result, leadership agreed to embark on qualitative data-driven analysis to determine key identifiable factors that indirectly and directly contributed to their high turnover percentage. Internal factors which contributed to a steady increase in turnover included, but was not limited to, the lack of proper "trainer" training, poor job descriptions, lack of communication, poor orientation training and supervisory concerns. As a result, interventions and performance analysis were strategically planned and implemented in a phased approach (pre-analysis, analysis, post-analysis, and intervention) throughout three weeks in efforts to identify contributing factors that led to the turnover in efforts to effect immediate change.

Problem Statement

In most cases, the incurred cost for Jean Inc. to terminate an employee was higher than the cost to hire the employee. Plant leaders noted two out of the eight production lines experienced the highest turnover percentages out of the entire facility. Also, a lack of communication, trust, and training negatively impacted their retention results and inability to achieve plant efficiency requirements. Plant manufacturing company Jeans, Inc. operating for over thirty years is experiencing internal and external factors that are causing their operator turnover rate to exceed eighty percent annually which in turn is affecting their efficiency rates. Regionally, Jeans Inc. operated within a market that experienced low unemployment rates. However, recently the labor market was running below the demand rate for low-skilled low-wage jobs. As a result, an abnormal number of unskilled workers into the labor force, Jeans Inc. must create a strategic plan to counteract their eighty percent retention rate. Plant leaders quickly discovered lack of training contributed to over approximately ninety thousand dollars annually resulting in their inability to meet production and training targets. Plant leaders partnered with workforce literacy consultants, managers and faculty members to create a project plan that would analyze and positively impact turnover.

Performance Analysis

Jeans Inc's goal is to decrease the turnover rate for their sewing machine operator role. There was not a desired turnover rate decrease mentioned in the study. The operator role is a low to moderate skilled job. Operators are given a 2-week period to reach a 70% efficiency level on

simple operations and a 21-week training period and a lower efficiency rate requirement on more complex operations. The main stakeholders are plant management. Before the performance analysis was even thought of, the plant manager discussed the turnover issue with the personnel manager, key employees, and line supervisors, but nothing occurred to combat the issue. The organization enlisted a consultant who recommended that the company reach out to the local university for help with the issue. The university had a faculty member that was skilled in performance consulting. This faculty member became the team lead and six other doctoral students, all with a background related to performance consulting and experience in qualitative research methods, join her to form the team that would tackle the turnover concern for Jeans Inc. The graduate students all received credit for the two semesters they worked on the project before departing and leaving the remaining tasks for the team lead to complete. The idea of the analysis was to use more qualitative methods. It was determined through literature research that qualitative methods revealed more in-depth information than quantitative data would when trying to uncover factors contributing to high turnover. Methods such as observations, formal and informal interviews, document reviews, focus groups, case studies as well as some quantitative method like surveys were used. The annual turnover rate was near 90% at the beginning of the study. During the pre-analysis phase, the plant's turnover rate was about 75%. During the analysis phase, plant operator turnover decreased by 10 %. The team met twice per week for several hours. There were three meetings with the plant and personnel managers with the team lead meeting with the managers an additional two times. The performance analysis was broken down into 3 phases, pre-analysis, analysis and post analysis. The last phase was completed solely by the team lead. The teamwork as a group to brainstorm

and think critically about the issue. They observed and interviewed primary and secondary key personnel during their on-the-job observations formally and informally. The informal interactions served as a way to determine the employee's attitude regarding the turnover issue and the program currently in place to decrease the turnover rate and to build trust for qualitative data collection later on.

Based on the performance analysis, it was determined that the primary influence of turnover was operator trainer training or lack thereof. The trainers were required to perform many duties outside of training that interfered with the quality of their work, they themselves were not competent operators, and some lack the knowledge needed to effectively train. Other influences of turnover were determined to be supervisor issues (supervisor duties were not clearly outlined), organizational communication (information not being transferred properly from the plant management to workforce), and orientation training. Operators were given a 2-week period to reach a 70% efficiency level on simple operations and a 21-week training period and a lower efficiency rate requirement on more complex operations. Phone conversations with those that left the company yielded their reasons for leaving which included unclear job responsibilities, difficulty reaching the level of proficiency the company desired, difficulty getting ahold of a trainer and lack of help from their supervisor.

Cause Analysis

Performance analysis generally utilize quantitative approaches such as surveys and questionnaires to collect data but in this case, qualitative methods like interviews, observations,

and data reviews were preferred because of the nature of the work environment, the complexity of the problem and the requirement for a deeper level of understanding the turnover.

The primary method of data collection used in this project was a case study of employee turnover of the sewing machine operator trainees. A large amount of information in various aspects was collected from the prospect employees. In the pre-analysis phase data such as personnel records, regional employment statistics were collected and analyzed. In the analysis phase, one-on-one formal interviews and observations were performed. Finally, in the post-analysis phase, formal and informal interviews, and observations were conducted.

Over 45 employees were interviewed and observed as a focused group, including the plant manager, supervisor, operator trainees, former employees, incumbent operators, maintenance employees, trainers, bargaining unit representatives, the plant personnel manager, and other staff. These methods, particularly observation, provided rich information and exposure into the daily experiences and behaviors of the employees. Some very interesting data was also collected from the exit interviews which helped to draw conclusions as to why people left within a few days of hiring. Data analysis methods like open, axial, and selective coding were used to reduce raw data and transcribe interview details. Software packages for statistical data analysis were put to use which considered demographic data such as gender, age, and ethnicity.

Quantitative data was also collected in addition to the qualitative data using structured written surveys during the post-analysis phase which served as the basis for building a pilot realistic job preview (RJP). A 13-item RJP was designed to show the prospective employees a 10-minute

videotape depiction of an operator job which immensely helped the decision-making process for both the candidate and the recruiter in the hiring/selection process.

The results from the analysis phase revealed that the overall turnover in the plant was approximately 7 percent per month or 84 percent per year. Turnover was highest in the two of the eight production lines in the facility. Approximately half of the former employees were Caucasian females: approximately half were Hispanic males. Also, turnover occurred during the first 21 weeks of employment and orientation training was a possible factor. These results indicated the primary influencers as operator and trainer training gap; management and supervisor support and communication such as plant-level communication from the plant manager to the workforce, and orientation training.

Intervention Selection and Development

Four influences of turnover were revealed as a result of the performance analysis - supervisory issues, organizational communications, trainer issues, and orientation training. Data collected was analyzed as axial codes - the broad constructs of study against selective codes which included performance analysis, interventions, organizational leadership, and climate. The consultant used a nominal group-type methodology for facilitating discussions to identify interventions to resolve these performance gaps.

To start with, identification and review of job responsibilities by the supervisor with his subordinates was suggested. This included a detailed examination of the job specifications by the plant personnel. The supervisors revealed that their job responsibilities needed to be revised to reflect the actual task that they perform on a day-to-day basis. As this was

implemented and the results were measured, indications of immediate improvement in terms of 15 % reduction was observed in a short time.

Secondly, steps were taken to improve organizational communication, which was also a strong contributing factor to the turnover. A reduction in the amount of paper communication was introduced as opposed to the revision in the use of electronic public address system. An electronic bulletin board was set-up with bilingual capacities to pass on important communication to the staff. Along with this, supervisor communication was improved and the supervisors now communicated more often with their staff.

Third, revising the operator and trainer training was looked at as a major factor causing the turnover. To start with the trainer job description was revised to clearly state the responsibilities of the trainer along with the hand-holding that they need to provide. Train-the-trainer programs were executed to develop a comprehensive training for the operators. This showed an improvement of 10% turnover in one of the production unit.

Finally, the orientation training was revised by implementing RJP process because it was observed that turnover within the first 21 weeks of employment was critical. Videos were developed and tested and the entire orientation training process was revised, pilot tested and implemented.

With all these interventions, the plant turnover rate dropped from 85 to 35 percent.

Evaluation

A high turnover rate in an organization can be attributed to many potential causes. The project's goal was to uncover the cause of the high turnover rate at Jeans Inc. The team that tackled this concern consisted of doctoral students from the local university that was familiar with qualitative research methods and a faculty member from the local university who possess performance analysis consulting experience as the team leader. The way in which performance analysis was divided into phases was a great way to stay organized. There was training given to ensure the team knew the best techniques to observe and interview their subjects to ensure the right methods were being used and trust can be built between the team and key employees of Jeans Inc. The combination of qualitative and quantitative data helped create a more accurate picture of the problem, so the proper interventions would be implemented. Methods for analyzing the concern included many employment levels at the plant. The team observed and interviewed plant managers, line supervisors, operator trainers, previous operator trainees as well as other key employees to determine the attitudes and opinions about the issue at hand. The analysis led the team to believe operator training was the main influence of turnover. Other influences were said to be the supervisor and management understanding of their job responsibilities, organizational communication, and orientation training. The analysis led to the implementation of multiple interventions. The implementation of the interventions made it difficult to determine a cause and effect relationship between certain factors and its effect on turnover. However, the realistic job preview(RJP) video inclusion in the orientation made a dramatic difference in the turnover rate. It gave the prospective employee an idea of the duties of the operator role.

Critique

There was quite a bit of analyzing done during this initiative to determine which factors contributed to the high turnover rate prior to implementing the interventions. The combination of quantitative and qualitative methods gave insight to information that may not have been discovered if only the traditional approach to performance analysis, quantitative approach, was used. The “warm-up” phase that was a part of the qualitative approach allowed the team to build trust with key employees before they really began interviewing or observing the subjects. If the “warm-up” phase was not included, I don’t believe the information gathered from the key employees would have been as accurate because data showed the employees were skeptical of the students and what they could accomplish at the beginning of the program. It was surprising to read that the company was approximately 18% Hispanic with approximately 50% Hispanic operator trainees, but their Spanish interpreter was a part-time employee. Their trainers also did not appear qualified to train and were obviously overwhelmed with other responsibilities within the plant. Their line supervisors and management did not have clear definitions of their roles which could easily cause tasks to be overlooked. These were some fundamental concerns that were alarming. I was shocked to read that after all of the time invested into this program, the intervention that was the most influential in decreasing the turnover rate, the RJP intervention, was only in use for 6 weeks before being suspended due to organizational issues. It makes me wonder if the company had these issues prior to the start of the program.