

THE IMPACT OF STAFF TURNOVER ON ORGANISATIONAL PERFORMANCE: A CASE OF THE THREE NON-PROFIT ORGANISATIONS IN VERULAM (REPUBLIC OF SOUTH AFRICA)

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Abstract

Staff turnover in a non-profit organisation can present a significant problem, reducing the performance of a non-profit organisation and also challenging its sustainability. This study sought to investigate the impact of staff turnover on organisational performance through a case study of three non-profit organisations situated in Verulam, Durban, KwaZulu Natal Province, Republic of South Africa. The specific objectives of the study were to determine causes of turnover in a non-profit organisation, to investigate impact of staff turnover on both the organisation and employee and, lastly to recommend strategies to reduce staff turnover.

Keywords: Impact, Turnover, Performance, Non – Profit, Organizations, Sustainability, Strategies

Introduction

The purpose of this study is to investigate the impact of staff turnover on organisational performance within selected Non-profit Organisations (also referred to as NPOs) operating in Verulam, South Africa, and to make recommendations that would lead to the reduction of the problem. The current social, economic and service delivery issues that South Africa is grappling with, justifies the need for a strong and vibrant NPO sector to complement and supplement government efforts.

Aim of the Study

The aim of this study is to investigate the causes and impact of staff turnover on organisational performance in non-profit organisations.

literature review

Defining and Understanding Employee Turnover

Saridakis and Cooper (2016:112) emphasises that employee turnover is of central and great importance to every organisation because each and every organisation needs a supply of labour in order to function. Turnover of employees can have a disproportionate impact on the organisation especially when the employees that leave are the ones that the organisation wishes to retain (Saridakis and Cooper, 2016:112). Robbins, Judge, Millet and Boyle (2013:20) refer to turnover as the voluntary or involuntary permanent withdrawal from an organisation. The term “turnover” was first conceptualised by Price (1977 cited Saridakis and Cooper, 2016:112) as the ratio of the number of organisational members who have left during the period being considered divided by the average number of people in that organisation during the period. Sarkar (2014) explains that staff or employee turnover refers to the rate at which employees join and leave organisation however the term is commonly used to refer only to the movement of

employees out of the organisation. In summary, employee turnover involves the series of actions that the organisation takes in order to replace the employee who has left (Saridakis and Cooper, 2013:112). Turnover that happens in unavoidable circumstances.

Life or personal decisions that extend beyond the control of the organisation such as a move to a new area or job transfer for a spouse and returning to school are regarded as unavoidable (Smith, 2013:891). The organisations used in this study illustrate this phenomenon of unavoidable turnover where a small percentage of the voluntary turnover as seen from organisation records is unavoidable turnover as their contract staff that consists mainly of the youth leave to further their studies.

Causes of Staff Turnover in a Non-Profit Organisation

Previous research has tried to determine the reason why employees leave their work voluntarily. There has been uniformity in the findings which reveal that people leave their jobs due to a number of factors. Werhane and Painter-Morland (2011:191) mentions that drivers of voluntary turnover may vary from country to country, for example, in both USA and China evidence suggests that attractive opportunities offered by competing organisations are the main cause of voluntary turnover. In contrast to this Mabindisa (2013) conducted a study in the South African context and found that organisational factors contribute more on decision to leave than environmental or individual factors. The following discussion aims to point out the various causes of staff turnover as identified by the various authors and paying special attention to staff turnover in non-profit organisations.

Poor Remuneration

Tschirhart and Bielefeld (2012) indicate that the main objective of any remuneration system is to attract, retain and motivate employees. Employees will stay in an organisation that offers them good rewards as a form of compensation in return for the services rendered on behalf of the organisation (Greene, 2010:44). According to Deb (2014:179) compensation refers not only to extrinsic rewards such salary and benefits, but includes intrinsic rewards such achieving personal goals, autonomy and more challenging job opportunities. Swanepoel, Erasmus and Schenk (2008:479) make use of the concept of 'total rewards' which as they mention has emerged over the past ten years and is gaining increasing popularity as an approach towards an integrated and holistic management of extrinsic and intrinsic rewards linked to business strategy. The outcomes of an effective total rewards strategy are productive, satisfied and engaged employees who in turn then create business performance and results (Swanepoel et al., 2008:279). Deb (2014:179) explains that if employees are not satisfied with the compensation they receive for the position held, skills, competencies and performance, employees start to search for jobs elsewhere resulting in turnover.

Ryder (2008) reveals that salaries are typically lower in the non-profit sector compared to for-profit sector. Ryder (2008) indicates that in South Africa on average employees in NGOs earn 40.37 per cent less than employees in the private sector and 22.06 per cent less than those working for international NGOs and the ones under study are no exception. The same trend can be observed in developed countries with a survey of remuneration of the non-profit sector conducted in the United Kingdom showing that between year 2000 and 2005 there was a negative wage differential between non-profits and other organisations of 75 per cent and 84 per cent in 2000 and 85 per cent and 97 per cent in 2005 (Denny and Seddon, 2013:71). Previous research has tried to explain the pay differential between non-profits and for-profit organisations, with the work of Mervis and Hackett (1983 cited Renard and Snelgar, 2015:5) regarded highly to have brought light into the subject of pay differentials between for-profit and non-profit.

Mervis and Hackett (1983 cited Renard and Snelgar, 2015:5) assessed employee attitudes, work orientations, job characteristics, motivations and satisfaction differences across the for-profit and non-profit sector. The research revealed three important insights concerning non-profit employee remuneration and motivation. Firstly, those non-profit employees are more likely to report that their work is more important to them than the money they earn. Secondly, those non-profit employees bring stronger commitment to their jobs. Thirdly, that despite the wage differential, non-profit employees does not consider their compensation to be unfair (Renard and Snelgar, 2015:71-72).

More recently, in a study conducted by Binder (2016) in the United Kingdom data of 12,786 working in the private sector and 966 employees of non-profits was analysed. It was found that employees of the non-profit sector were much happier, and the research added that for a person employed by private sector in order to be happy, they would have to earn £27,000 more per year to achieve the same level of happiness as a non-profit employee. The study found that despite having lower salaries non-profit employees expressed similar satisfaction levels as their private sector counterparts leading to the conclusion that higher pay does not result in higher pay satisfaction (Binder, 2016).

In the South African context not many studies have been conducted that focus on pay differentials between non-profit and for-profit organisation (Ryder, 2008). Tschirhart and Bielefeld (2012) mention despite this difference workers within the non-profit sector are more likely to appreciate being treated in a manner that shows contributions are valued and promises made to them are honoured.

Lack of Training and Career Development Opportunities

Kraimer, Seibert, Wayne, Liden and Bravo (2011) discovered that employees who have been trained by their company will leave if they do not see any chance to advance. On the other hand workers who are provided with career opportunities within the organisation will stay. Dessler (2013:353) supports this idea as he adds that career development plays an important role in engaging and retaining employees. Career development is defined as a lifelong series of activities that contribute to a person's career exploration, establishment, success, and fulfilment (Dessler, 2013:353). This implies that if employees are to remain in an organisation for the duration of their working life, there should be enough opportunities and promotion possibilities (Dessler, 2013:353).

Bates, Botha and Goodman (2007:251) add that training and development involves creating opportunities for employees to become more valuable to the organisation. Although the terms of training and development are always used together, it is important to realise that there is a subtle difference. Tripathi and Reddy (2008:195) explains that training involves the preparation of an employee to be able to do a specific job, therefore the provision with knowledge and skills needed to do the job. Development is also aimed at providing an employee with the knowledge and skills, but the difference is that the development is aimed at preparing the employee for a position he would be doing in the future, therefore it is over the long term (Tripathi and Reddy, 2008:196). Dessler (2013:356) highlights that the employer's career development tasks depend partly on how long the employee has been with the firm or organisation.

Bizfiling (2012) recommends that before hiring, realistic job interviews can help prospective employees accurately gauge whether the job is a good fit with the candidate's skills and interests. Dessler (2013:356) emphasises that if the position being offered is a dead-end job, employer needs to be honest and transparent and indicate as such before hiring. The job should be described precisely, without raising false hopes for growth and advancement in the position. This can help prevent reality shock, which is a phenomenon that occurs when an employee's high expectations and enthusiasm confront the reality of a boring, unchallenging job (Dessler, 2013:356). Nelson and Quick (2010:602) add an employee can consider alternatives such as leaving the employer as a result of unmet expectations.

Davis and Nguyen (2011) highlight that in a survey conducted by Opportunity Knock.org, an online job site and HR resource for non-profits, survey results revealed that an equal number of non-profit employees (37%) agreed or strongly agreed that they felt as if there were opportunities for them in the future in their organisation. The 43% of respondents felt that fulfilling all of their job responsibilities did not improve their chances of being promoted. Davis and Nguyen (2011) emphasise that career development and opportunities for advancement are an important motivating factor for employees to choose and remain in an organisation, however these needs are often difficult to fulfil in non-profit organisations especially in the smaller developing non-profits. The non-profit organisations are largely dependent on government subsidies or donor funding and staff development initiatives are always the first to be eliminated when there are subsidy cuts from the donor (Davis and Nguyen, 2011). In support, Tschirhart and Bielefeld (2012) indicate that non-profit organisations in particular face some difficulties in addressing the challenges related to career development due to budget constraints and general economic downturn.

The same can be said for training needs of employees within organisations. Torrington, Hall, Taylor and Atkinson (2011:218) reveal that there are various perspectives on the link between training interventions and commitment to employer on the part of an employee. On the one hand training opportunities enhance employee skills and makes them less likely to want to leave voluntarily than they would if no training were offered. The alternative view holds that training makes people more employable and hence more likely to leave in order to develop their careers elsewhere. The view is thus put that money spent on training is money wasted because it ultimately benefits other employers (Torrington et al., 2011:218). Singla (2010:349) disagrees with the view by highlighting that expense on training is an investment and not wastage as the training of the employees serves as a form of competitive advantage which in the long run increases the efficiency of the employees.

Hegar (2012:392) emphasises that the whole purpose of training is to increase employee performance by ensuring that all employees know what is expected of them and how they can progress and develop. Training and development

improves performance of employees, organisation and also updates employees knowledge and skills so as to keep up with modern times (Hegar, 2012:392). Agard (2010) notes however with concern that non-profits provide little or no time for trainings. The author cites problems when for example it comes to information technology implementation in non-profits where lack of training and expertise are identified as key barriers.

The non-profit organisations under study for example have an obligation to the Department of Social Development, the funder, to submit monthly reports; this means that project managers often have to travel to the local district office to physically submit as they lack information technology resources like computers as reported by the management. Agard (2010) adds that where resources are available, the staff may not have the technical skills needed (Agard, 2010).

According to Ferguson (2014) high turnover costs the organisation money, each time an employee is terminated, money must be spent to hire someone else. This includes the time and money spent processing termination paperwork, advertising for someone new, interviewing job applicants, processing new-hire paperwork, and allowing existing employees and the new worker time to adjust to each other. Burke and Cooper (2012:192) agree that when it comes to training, cost is an issue to NPOs. The authors however warn that the short-term decision by most NPOs to cut training and development budgets to save money can cause long-term problems (Burke and Cooper, 2012:192). Organisations that fail to invest in the training and development of their employees usually face higher rates of staff turnover, burnout, and potential drop in the quality of service (Burke and Cooper, 2012:192). their employers.

Strategies to Reduce Staff Turnover

Literature reveals that excessive staff turnover can force an organisation to shut down its doors and that many employers wish to find ways reduce staff turnover. Dessler (2013:350) suggests that comprehensive retention programs should be built around the following:

- **Selection** - Retention starts upfront in the selection and hiring of the right employees. Selection refers not just to the worker but to choosing the right supervisors as well (Dessler, 2013:350). Close contact between the supervisor and the new employee should be maintained so that the supervisor can iron out early job problems and expectation ,support employee, and explain benefits and show how their total wage and benefits compare favorably with those of other companies in the same sector Dessler (2013:350);
- **Professional growth** - Inadequate career and professional development prospects prompt many employees to leave. Conversely, a well thought out training and career development program can provide a strong incentive for staying with the organisation (Dessler, 2013:350). Poskey (2014) suggest that organisations have to craft retention strategies that encourage succession planning, where roles are identified that may suit employees in the future. It is therefore management's responsibility to create and promote a clearly defined or progression plan for employees within the organisation whenever possible because this gives them a clear path for advancement and encourages them to stay in the organisation;
- **Recognition and rewards** - There is some debate in the retention literature about the extent to which raising pay levels reduces staff turnover. Gerhart (2009:215-216) indicates that there is evidence to show that, on average, employers who offer the most attractive reward packages have lower attrition rates than those who pay poorly, which results in many organisations deciding to use pay rates as their prime weapon in retaining staff. In addition to pay and benefits, employees need and appreciate recognition of a job well done (Gerhart, 2009:215). According to 2013 Nonprofit Employment Trends Survey the inability of the nonprofit sector to provide competitive employment packages and to promote staff contributed to the average turnover rate of 17 percent that was reported in 2012 (Nonprofit HR Solutions, 2013). To help the sector compete against other sectors, the respondents in the 2013 survey reported leveraging strong benefits packages and flexible scheduling (Nonprofit HR Solutions, 2013); and
- **Promote work-life balance**- flexible working arrangements can assist in reducing employee turnover (Dessler, 2013:350). Employees have lives outside work and facilitating work-life balance can reward and motivate employees (Phillips and Gully, 2012:233). This can be done through scheduling options such as flextime or telecommuting which offers employee flexibility and allows an employee to deal with family demands. Phillips and Gully (2012:234) indicates that past surveys have shown than more than three quarters of the respondents in a sample would rather have more flexibility in their working hours and remuneration packages than a pay increase.

According to the 2013 Nonprofit Employment Trends Survey, the vast majority of nonprofits (90%) do not have a formal strategy for retaining staff despite many indicating that staff retention is an organisational challenge (Nonprofit

HR Solutions, 2013). Interviews conducted with nonprofit leaders as part of the annual study of the sector's employment practices showed that formal retention strategies are highly uncommon. However, while almost all interviewees said that they did not have a formal retention strategy, the majority mentioned a variety of informal strategies that their nonprofit implemented to increase retention such as social events, staff development opportunities, employee wellness programmes, and flexible scheduling (Nonprofit HR Solutions, 2013:18). The popular use of these programmes may indicate that many nonprofits do have retention practices however are not considered formal as they provide them to staff on an ad hoc basis if time and budgets allow. The organisations under study do not have formal retention strategies however strive to create a positive working environment through teambuilding exercises, celebration of staff birthdays, and year-end parties.

Research methodology

Target Population

The target population in this study was a total of 60 which consisted of staff from the three non-profit organisations situated in Verulam. The study included the entire elements of the population as the population was very small therefore no sample was formed.

Limitations of the Research

The main concern in conducting this survey research was the sampling. Due to the limited time and resources, only three non-profit organisations in Verulam could be included in the study. The low population frequency in this study was not sufficient therefore findings of the survey cannot be generalised to all non-profits in South Africa. In conducting the survey, a limitation that was identified was that interviews could not be facilitated as it was difficult to obtain staff in one venue at any one point in time as there is an alternation of field work days and other staffs such as volunteers works flexible hours. In this regard semi-structured questionnaire containing both closed and open-ended questions was considered suitable for the study. Furthermore the study focused on organisations which are funded Home and Community Based Care (HCBC) organisations and are operating on a daily basis. The research excluded non-funded NPOs who operate on a part-time basis and NPOs that do not fit in the category of HCBC. The results therefore cannot be used to understand staff turnover in well-established NPOs such as Non-Governmental Organisations (NGO) that employ professional staff.

Results, discussion, and interpretation of findings

Response Rate

The participants that took part were employees of the three NPOs and the response rate was 100%. A total of 60 questionnaires (total population) were hand delivered to each non-profit organisation and 60 were returned. In this regard (Gupta and Gupta, 2011:150) mentions if the response rate is less than 30%, the value and validity of the method and results are in question.

Presentation of the Findings

The finding is presented in two main sections namely section a, demographics and section B, views on turnover.

Section A: Demographics

Age of Staff

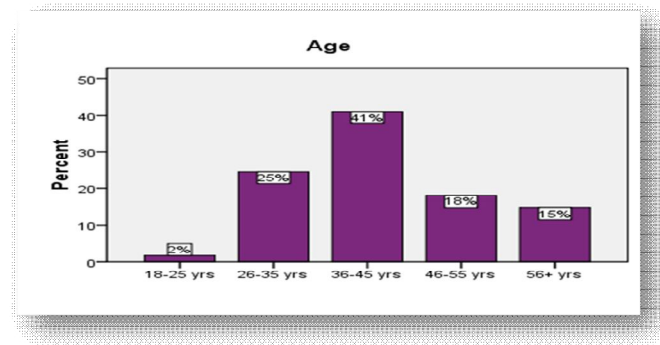


Figure 4.1: Age of Staff

As noted in figure 4.1, the majority of the employees (41%) within the three non-profits consist largely of the age group of 36 to 45 years. This indicates that young people are either not attracted to working for the non-profit sector or management is stagnant in introducing young blood into the organisation as lower ages consists of just 27% (2% +25%). Non-profits are often described as having a culture of sacrifice or culture of martyrdom (Salamon, 2012:647). Past generations might have contributed and accepted this aspect of the job when it comes to non-profit employment, but evidently the data displayed above suggest that the younger generation (18-35 years) do not appear to be willing to do so as they are not attracted into the sector.

Length of Service

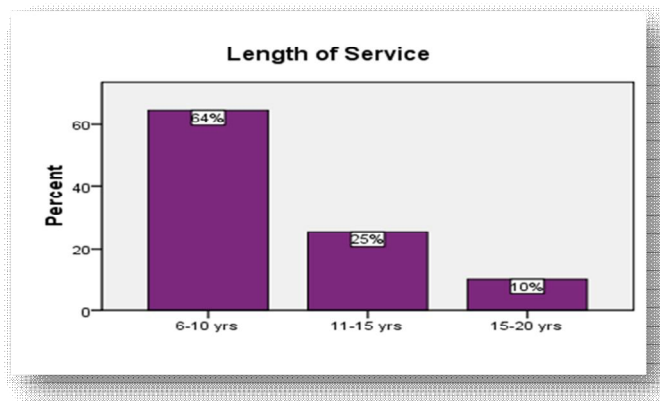


Figure 4.2 Length of Service

A large percentage of employees (64%) within these non-profit have been with the organisation for 6-10 years as seen in figure 4.2. This may be interpreted as a good indicator, considering that the three non-profit organisations have been servicing communities for less than 20 years. As indicated in figure 4.2, the employees of the three non-profits under study have been employed for a period of not less than 6 years and not more than 20 years. The questionnaire originally included age group 1-5 years and 21 years +, however the results for the named category of years were 0 and not reflected in the bar graph above. Only 6 employees out of 60 (10%) have remained with the organisations since its inception. This is an indication that the employees do not stay in the non-profit sector for long period of time. Salamon (2012:651) notes that this continued shrinking of staff fuels the notion that the non-profit sector is an unattractive place to work.

Section B: Views on Turnover

Causes of Employee Turnover

Satisfaction with Salary

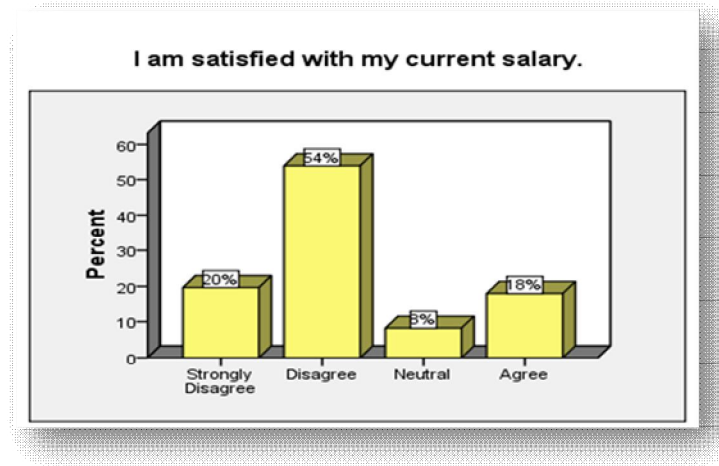


Figure 4.3: Satisfaction with Salary

Figure 4.3 above shows that 74% (54% +20%) disagree and strongly disagree that they are satisfied with their salary compared to a small percentage of 18% respondents agree that they are satisfied with their salary. The result are in contradiction to the work of Mervis and Hackett (1983) and that of Binder (2016) which revealed that employees accept lower pay for work that they find intrinsically rewarding. The results indicate that it is not every non-profit sector employee that will accept low pay. Libby and Deitrick (2016) in this regard assert that the fact that non-profit employees are intrinsically motivated does not necessarily mean forgoing a fair wage and benefits however the inability of many non-profits to provide traditional rewards such as fringe benefits or bonuses increases the complexity of working in the sector.

The literature review revealed that employees will stay in an organisation that offers them good rewards as a form of compensation in return for the services rendered on behalf of the organisation (Greene, 2010:44). Armstrong (2010:134) indicates that reward system consist of explicit policies, practices and practices which are organised and managed as a whole which guide decision making and action. Armstrong (2010:44) adds that the reward system consist of reward practices such as deciding on the rates of pay, reviewing pay and pay structure, methods of progressing pay according to performance, and employee benefits such as sick pay and pensions funds. An organisation that rewards its employees makes them feel appreciated, and wanted which enhances their bond with the organisation (Armstrong, 2010:134).

Therefore rewards do have a role to play in retaining employees however the organisation needs to understand the degree to which employees are satisfied with what they are being rewarded as this has implications on deciding to stay or leave the organisation. Kunle (2015) recommends that issues of compensation must be addressed by first ensuring that an organisation pay levels are competitive with the industry average however employee need to honest with themselves about what their skill level is worth. The implication of these findings mean that management of these NPOs therefore have to check whether the salaries they are currently paying are in line with industry average, if not they will lose valuable employees to competitors.

Training and Growth Opportunities

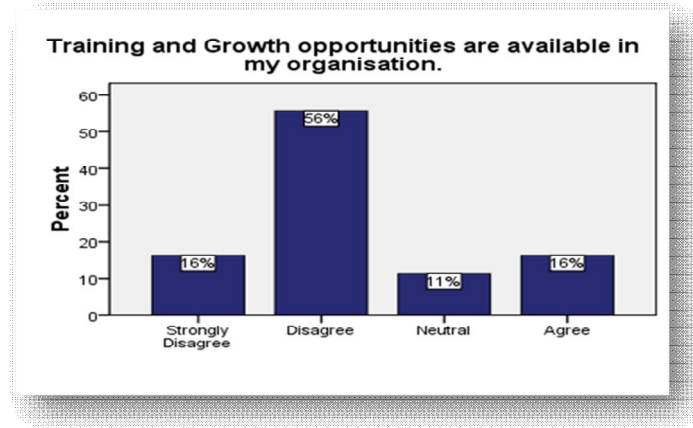


Figure 4.4 Training and Growth Opportunities

Collectively, 72% of respondents (16% + 56%) disagreed or strong disagreed that training and growth opportunities were available in the organisation as seen in figure 4.4. Sufficient training and prospects for career growth are the key factors in retaining employees. Nel et al. (2008) states that employees should be trained and given a chance to enhance their skills, however many employers feel that if training is provided to employees, they will leave with organisation for a better job. The issue of training for non-profits is a serious one as literature indicated that training in non-profit is often the first item to be eliminated due to budget and funding constraints faced by the sector. Kunle (2015) indicates that cutting training may lead to detrimental effects such as drop in quality of service and reduced productivity of the organisation. Many employees view training and career prospects within organisation as an employee benefit and should an organisation not pay attention to this aspect, employees feel the need to leave to seek greener pastures that will enhance the need for growth (Kunle, 2015). Therefore the organisations have to consider the importance of training and creation of opportunities for growth as part of retention strategy.

Performance Appraisal

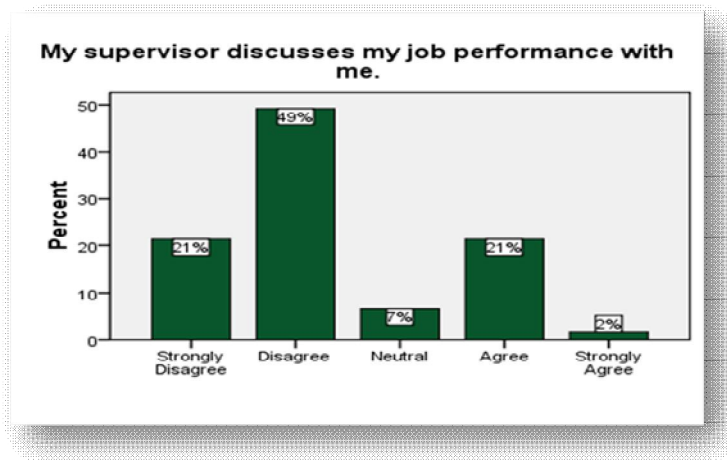


Figure 4.5 Performance Appraisal

The results shown in figure 4.5 show 70 % (49% +21%) of respondents who strongly disagreed and disagreed that the supervisor discusses job performance with them, which confirms what Kunle (2015) mentioned that due to the intangible nature of non-profit work, it may be difficult to appraise job performance and that managers in a non-profit lack the trained staff, time and administrative resources to design and manage a workable performance appraisal system. It may be important to note that in most cases, the community based non-profits like the ones under study are initiated by one person who usually assumes the management position as project manager (Agard, 2010). Such leaders lack the knowledge and know-how when it comes to formal appraisal systems and need to be trained. The lack of performance appraisal in these NPOs means that management are not able to track performance of an employee and to identify concerns through supervision in relation to their work. The NPOs studied should consider the various methods of appraisal such peer-appraisal which Kunle (2015) recommends for non-profit organisation.

Job Satisfaction

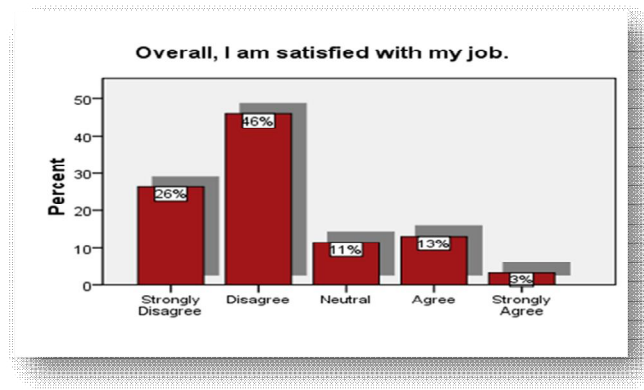


Figure 4.6 Job Satisfaction

As the results indicate in figure 4.6, there appears to be a very low level of satisfaction with the job with a 72% (26% +46%) respondents disagreeing or strongly disagreeing that they are satisfied with their job. This is in contrast to the 16% (13%+3%) of respondents who agreed or strongly agreed that they are satisfied with their salary. Job satisfaction is one of the key factors that influence staff turnover and therefore it was important to find out how satisfied the respondents are with their job. Many aspects of people and organisation can cause dissatisfaction among employees. Javed, Balouch and Hassan (2014) identified compensation, job advancement opportunities, relationship with supervisor and relationship with co-workers to be factors that influence ones satisfaction with their job. The results shown in figures 4.3, 4.4 and 4.5 above in respect of pay, growth opportunities and lack of feedback from supervisor respectively may be contributing factors that lead to job dissatisfaction of employees of these NPOs under study.

Examining the level of job satisfaction for non-profits and in particular for the community-based non-profits such as Uthando, Waterloo, and Soul winning is important. The organisations may not have the ability to use sophisticated reward systems such as the ones used in companies that are making a profit due to funding constraints nor does the philanthropic culture that is touched upon the literature review encourage the use of extrinsic rewards to motivate and increase productivity (Renklou and Rosen, 2013). Tschirhart and Bielefeld (2012) indicate that workers with a good fit are the ones most likely to demonstrate high performance, satisfaction, and commitment, therefore focus of non-profit management when recruiting should rather focus on personal characteristics of the candidate in order to establish a fit with values and mission of the organisation.

Leadership

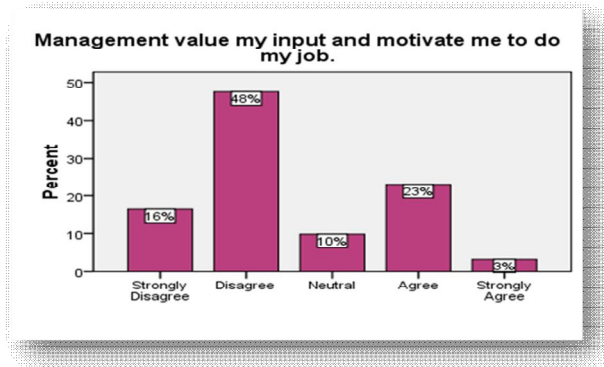


Figure 4.7 Leadership

Figure 4.7 above indicates that 64% (16%+48%) disagreed or strongly disagreed that management values their input and motivate them to do their job compared to the 26% (23%+3%) of respondents agreed or strongly disagreed. The above question aimed to explore the respondent’s perceptions about leadership in their organisations. The results above may be an indication that management of the NPOs under study is not engaging enough with their employees. Worth (2013) maintains that a non-profit leader has a responsibility to lead the staff and manage the organisation. The

CEO or project manager as it applies in this study has among other direct responsibilities to hire, train, develop and motivate staff, develop an organisational structure that suits the Organisation's work and ensure that day-to-day operations and programmes are effective and efficient. Kunle (2015) mentions that the non-profit sector faced with issues untrained leaders and supervisors, leadership turnover and the inability of the sector to attract professional leaders. The results obtained may be an indication that current leadership in these three NPOs studied may be lacking training or a change in leadership style is required.

In addition, the non-profit sector suffers from what Brothers and Sherman (2011) call *founder syndrome* which may be applicable in the three NPOs being studied judging from the results obtained and the fact that the 2 of the NPOs studied are run by the founders. According to Brother and Sherman (2011) founder's syndrome is a phenomenon that can afflict a non-profit led by a founder whose sense ownership in the organisation is so great that objectivity is compromised. The founder's perception of the non-profit and its needs may overrule the opinion of others and may not always be in the best interest of the organisation. In this regard Brothers and Sherman (2011) recommends that non-profit leaders must share power and also empower their employees.

Uncertainty



Figure 4.8 Uncertainty

As seen in figure 4.8, 51% of respondents chose to remain neutral to this question relating to uncertainty being the cause of turnover. Gordon (2015) indicates that a neutral response tends to allow people to claim to be neutral on issue than they actually are. The results may be an indication that the respondents are unaware of the financial position of the organisation they work for and where they stand as employees which impacts on how secure they feel in their jobs especially those who are contract workers and volunteers. This confirms what literature described in literature in that the short-term nature of funding for non-profits impacts on financial sustainability of the organisations. Agard (2010) point out that when an organisation lacks financial support, it cannot pay living wages nor can it guarantee employment. Limited compensation along with reduced job security breed low morale and high staff turnover (Agard, 2010). The NPOs studied therefore have to engage with employees and continuously give an assurance that employee jobs are safe, if not, to communicate financial position of the institution and involve staff in fund-raising initiatives.

Additional

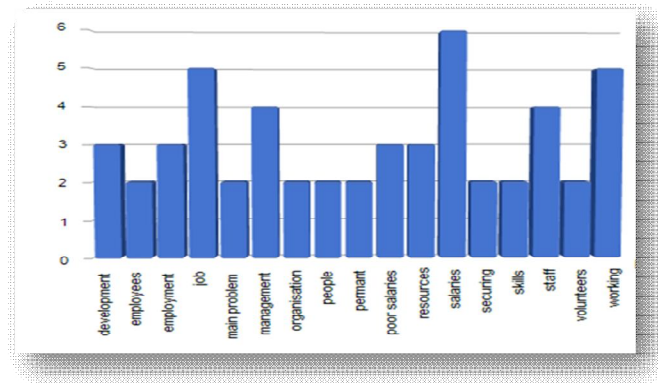


Figure 4.9 Major Cause of Staff Turnover

The above chart in figure 4.13 shows frequency of key words and phrases extracted from the various responses given by respondents. The context wherein the above words are extracted is tracked which enables one to identify recurring themes. Below is the discussion of the themes that emerged from an analysis of the responses that contain the above key words which appeared repeatedly. The following themes emerged and accompanying responses that contain key words bear reference:

- **Salaries**

It is evident from the responses that the major issue seems to be centred on the employee salaries as noted by respondents 1, 2, and 3 below and as figure 4.13 shows it has the highest frequency. This contradicts the work of Binder (2016) whose work showed that non-profit employees are happy with their salaries. If non-profit employees wish to retain their employees then it is important that they benchmark their salary scale against the industry to evaluate whether a fair salary is being offered. Judith Maxwell, the former head of Canadian Policy Research Network reiterates that workers in this sector are real people with real jobs, real mortgages, and real kids who may need support through university, therefore the NPOs should pay fair market-related wages and not exploit workers for the causes they believe in (Broadbent and Omidvar, 2011:79-80).

Respondents 1

“ the main problem that we always discuss among us is we are forever complaining about money, the poor salaries do not motivate us to stay, ...personally I am glad I can support my family with stipend just to get by otherwise if a better job came I would leave.”

Respondent 2

“Poor working conditions and poor salaries paid by the organisation.”

Respondent 3

“...not sure however I think it has to do with individual salaries they pay. R1600 is not enough for someone who comes to work every day not to mention the poor working conditions.”

- **Poor Working Conditions and Lack of Resources**

Other respondents, such as respondent 1 and 2 below expressed concern with regard to poor working conditions and poor management of resources as another cause of staff turnover. In support of this finding, Sarkar (2014), asserts that if the work environment is not conducive to the employee's wellbeing and expectations it can contribute to decisions to leave. Furthermore, the lack of resources leads employees to fulfill their daily tasks with difficulty. This has implications for the overall performance of the organisation studied as lack of resources means that organisational goals are not achieved adequately.

Respondent 1

"...inadequate working resources and lack of good environment in a workplace"

Respondent 2

Poor salaries, lack of growth opportunities and insufficient working resources

- **Training and Development**

The respondents expressed concern that the major cause of turnover is the volunteers who come looking for employment however once employment is secured elsewhere, they leave as seen below in respondent 1's comment. Respondents recommended that volunteers should be provided with skills through training in order that the organisation has a pool of talent that is trained to choose from and should be recruited for permanent positions in the organisation as explained by respondent 2. Reinklou and Rosen (2013) assert that since non-profit organisations depend on the availability of volunteers as their workforce, it is crucial for the management to be aware of the issues affecting volunteers, their recruitment and how managers can retain them.

Respondent 1

The volunteers are here for community development experience and few are from tertiary institutions that usually go once practicals are complete. Management should provide the volunteers with enough skills to make them permanent employees."

Respondents 2

"...lack of job knowledge and few staff development programmes provided to staff."

Impact of Staff Turnover on Organisational Performance

Staff Turnover causes Wastage of Resources

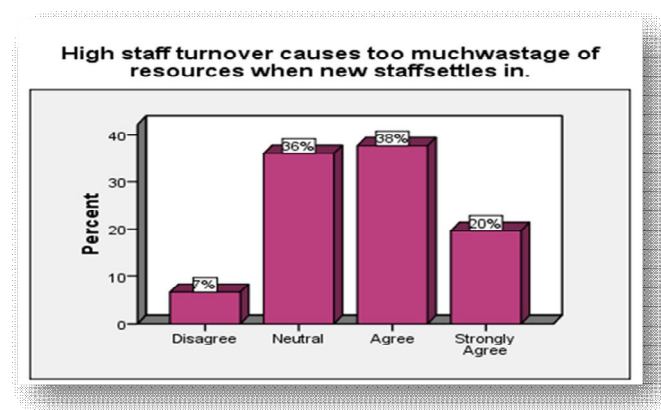


Figure 4.10 Staff Turnover cause Wastage of Resources

Collectively 58% (20%+38%) of respondents in figure 4.10 agreed and strongly agreed that staff turnover causes wastage of resources when new staff settles in compared to the 7% of respondents that disagreed. Burke, Noblet and Cooper (2013:178) indicate that there are direct costs associated with employee replacement (training and hiring) and indirect costs (lower productivity) as new recruits adapt and costs associated with extended time en effort taken by employees training and orientating employees. This means that NPOs have to make use of their already depleted resources in order to ensure that the new recruit fits in. NPOs have to do everything in their power to minimise staff turnover so that the money can be used to improve financial sustainability of the organisation (Burke et al., 2013:178).

Staff Turnover lowers Productivity

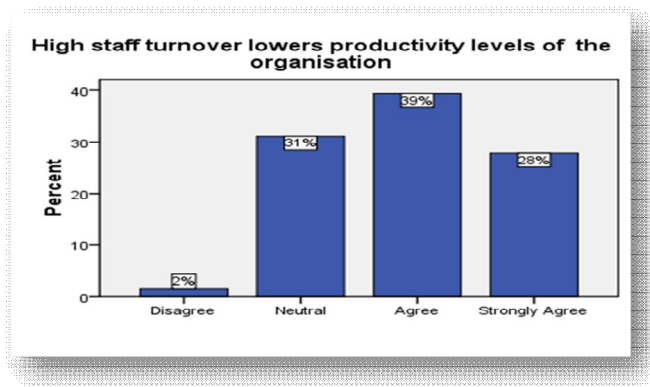


Figure 4.11 Staff Turnover lowers Productivity

Respondents in figure 4.11 agree that staff turnover lowers that productivity levels of the organisation as 67% (39%+28%) collectively agreed and strongly agreed that staff turnover lowers productivity levels of the organisation in comparison to the 2% of respondents that disagreed. This confirms what the human and social capital theory emphasises, that the organisation suffers due to loss of knowledgeable people that leave and that the disruption of social network impacts on workflow (Park and Shaw, 2013:268). Sarkar (2014) adds that with fewer employees the organisation may be less productive and that the gaps are difficult to fill with new or other employees within a short period of time. As productivity is lowered, the implications for the NPO studied are that not all beneficiaries will be serviced which affects customer satisfaction and increased complaints about the service that these NPOs render. NPOs in this regard should have a database of volunteers that they have trained to assist while they recruit for the position.

Staff Turnover causes Decline in Service Provision

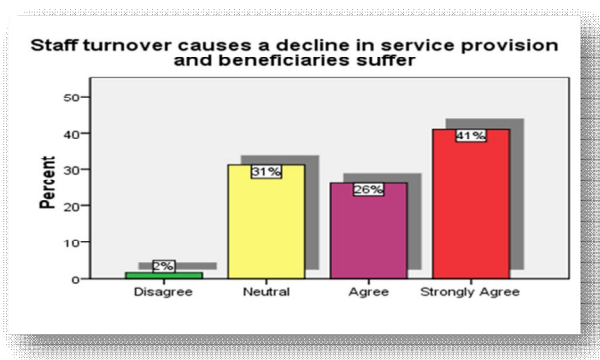


Figure 4.12 Staff Turnover cause Decline in Service Provision

Figure 4.12 above shows that 67% (26%+41%) of respondents agree and strongly agree that staff turnover causes a decline in service provision and beneficiaries suffer compared to the 2% of respondents that disagreed. The loss of one or two or two employees may constitute a threat to effective service delivery and programme sustainability (Howard, 2008:5). When an employee leaves, especially in an NPO which is already compromised in terms of resources, there is always a void or disruption in continuity that affects output capacity (Francois, 2015:256). This also raises questions about quality of service they render to beneficiaries which ultimately result in customer complaints (Francois, 2015:256). The findings confirm that staff turnover causes a decline in service provision.

Additional

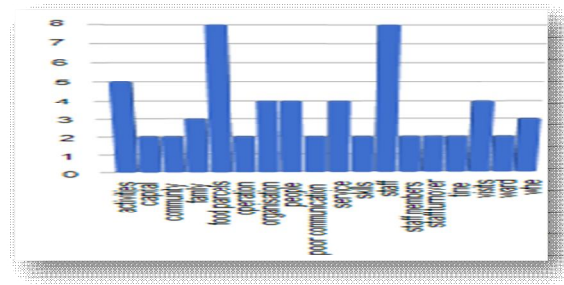


Figure4.13 Impact of Staff Turnover on Organisation Performance

The above chart in figure 4.13 shows frequency of key words and phrases extracted from the various responses given by respondents. The context wherein the above words are extracted is tracked which enables one to identify recurring themes. Below is the discussion of the themes that emerged from an analysis of the responses that contain the above key words which appeared repeatedly. The following themes emerged and accompanying responses that contain key words bear reference:

- **Decline in service provision**

The respondents expressed disruption of daily activities when the organisation is experiencing turnover which include decline in the number of home visits conducted by the NPOs employees and distribution of food parcels to needy families as expressed by respondent 1 and 2 below. Some respondents felt that the new staffs that gets recruited into the organisation slows down service as they try to adapt and the employees also have to assist with work as evidenced in respondent 3 response. This as literature revealed results about the organisation as can be seen in the response of respondent 4.

Respondent 1

“...daily activities and operations are affected by the staff turnover and distribution of food parcels and house visits is immediately affected. Our clients have suffered the most food parcels are not moving fast as home visits are not conducted on time.”

Respondent 2

“Entire operations suffer if that happens, as a senior employee of the NPO I have witness that in a number of times sometimes it happens at the time people would leave us and our daily activities are affected, home visits food parcel round be not distributed and delivered to the needy family so as the result on quarterly bases we recruit volunteers so that if as many leaves this organisation the entire organisation operation is not negatively impacted by people leaving us from time to time.”

Respondent 3

“Poor communication between new staff and old staff slows the work the new worker for example is very quiet and doesn’t talk a lot she can’t take simple instructions so this slows down the work it is not really nice when old staff leave and we are fixed to take their work with no extra payment.”

Respondent 4

“...complaints at the war room about our organisation, community complaints came from our ward, that services do not reach them on time, work is not moving fast as CCGS are less now.”

From the above responses it is evident that staff turnover hurts the organisations and slows down productivity through the inefficiency of new staff, shortage of employees causes delay in service delivery which affects customer satisfaction with the service being rendered and the way the community perceives the organisation.

- **Wastage of Resources**

Respondent 1

“When we losing skilled workforce this whole organisation suffer and investment made is in vain so we are supposed to start all over again to invest in new recruits and in the process when we are a learning centre much of our operations are negatively affected by...”

Respondent 2

“it is not motivating to see others leave because you feel like you are left behind to clean up the mess , the organisation I work for does not have money to replace people fast so when people leave it takes time to get new people who can do the work”

The findings with regard to social and human theory are confirmed with regard to respondent 1 and 2. Baron and Armstrong (2007:9) indicate that the human capital theory regards people as knowledgeable assets and stresses that investment by organisations in people will generate worthwhile returns. The social capital theory on the other hand as noted by the World Bank is a set of horizontal associations between people, consisting of social networks and associated norms that have an effect on community, productivity and wellbeing (Baron and Armstrong, 2007:13). Therefore staff turnover impacts badly on organisational performance by loss of knowledgeable people who are not easy to replace (Park and Shaw, 2013:268), and it affects the social networks among employees and with the organisation stakeholder. As expressed by respondents 2 it takes time to replace employees in a non-profit sector, this may be due to lack of resources to do so.

Impact of Staff Turnover on Employee Performance

High Staff Turnover increases Work Stress to Present Workers

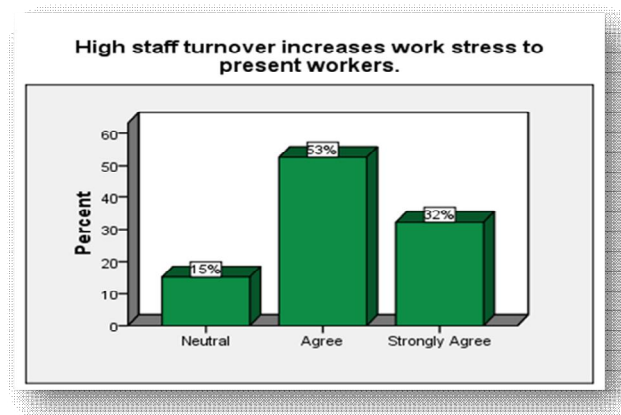


Figure 4.14 High Staff Turnover increases Work Stress to Present

The results in figure 4.14 indicate that collectively 85% (32%+53%) of respondents agree and strongly agree that high staff turnover increases work stress to present workers compared to the 15% of respondents that remained neutral. Mathis and Jackson (2007:119) note that the increase in workload, working extra hours and stress of dealing with new employees impacts on performance and effectiveness of employees. The results confirm that staff turnover has a negative impact on employee performance. Chapman (2011) warns that the cost of stress to an organisation shows up as high staff turnover, absenteeism, reduced work performance and customer complaints. Edlich (2016) adds that stress if unattended, affects the quality of work done and the relationships that one has with others in a work environment.

High Staff Turnover lowers Employee Productivity

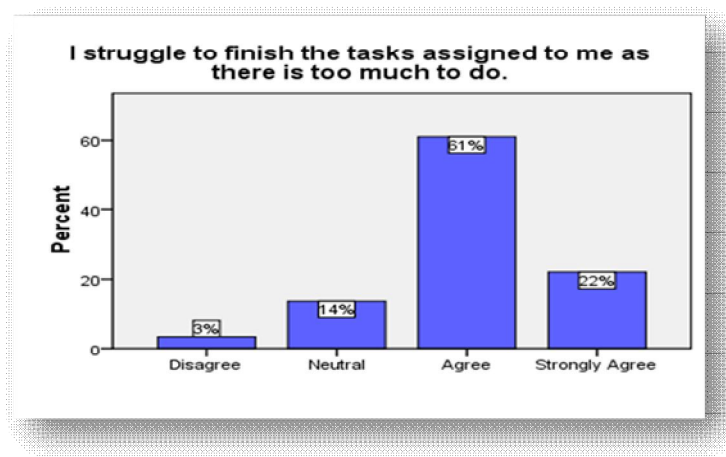


Figure 4.15 Staff Turnover lowers Employee Productivity

Collectively 83% (22%+61) of respondents agreed and strongly agreed that they struggle to finish the tasks assigned due to increased workload compared to the 3% of respondents that disagreed as shown in figure 4.15. This question aimed to show the negative impact that staff turnover has on employee performance. This confirms that when there is shortage of staff due to turnover, workers who remain in the organisation are often the ones who must continue with the work of the employee who has left (Mathis and Jackson, 2007:119). This results in an increased workload, and the above results clearly indicate that majority of employees employed by these NPOs are struggling to finish tasks assigned. This has implications for the quality of service they render and whether they are able to satisfy the needs of all their beneficiaries.

High Staff Turnover breaks Teamwork

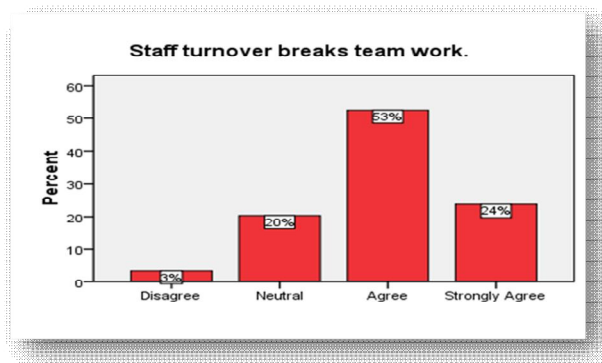


Figure 4.16 Staff Turnover breaks Team Work

Collectively the above results in figure 4.16 indicate that 77% (53%+24%) agree that staff turnover breaks team work in comparison to the 3% of respondents that disagreed. The results are in line with social capital theory which emphasised that when an employee leaves, relationships or social networks are broken between employees and even with the stakeholders that the employee interacts with and it may take time to build relationships with new replacement which affects task performance in an organisation (Shevchuk, 2008:56). Time must pass before an employee accumulates the same skills and knowledge as indicated by human capital theory, and that breaks the team work necessary for productivity of an organisation (Shevchuk, 2008:55). This is true especially with regard to volunteers that NPOs make use of that work alongside permanent staff which implies that new volunteers must be trained again when they are recruited (Reinklou and Rosen, 2013).

4.3.2.3.4 Additional

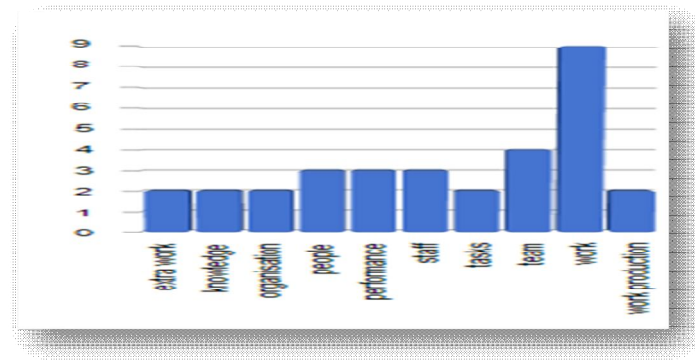


Figure 4.17 Effect of Staff Turnover on Employee Performance

The above chart in figure 4.17 shows frequency of key words and phrases extracted from the various responses given by respondents. The words are understood in the context wherein they originate from. Below is the discussion of the themes that emerged from an analysis of the responses that contain the above key words which appeared repeatedly. The following themes emerged and accompanying responses bear reference:

- **Staff Turnover affects Employee Work Production**

The results in figure 4.17 indicate that staff turnover in organisations increases work for the remaining staff, the remaining staff feel overburdened by the extra workload, they feel overwhelmed and struggle to cope with daily activities as expressed by respondent 1, 2 and 4 below. The drop in performance of the employee affects the organisation and compromises service delivery. The respondents expressed sentiments that extra work should be accompanied by extra pay as expressed by respondent 2 and 3. The NPOs need to device contingency plan as to how to fill the gap of an employee who has left through for example recruiting more volunteers to work alongside the permanent employees. This also suggests that there is a need for performance appraisal to be conducted and close supervision so that management could identify problems that impact on performance of an employee.

Respondent 1

“...when you give the work load not able to manage and that lead to the situation where you could not do it at all that also is demotivating... it kills total excitement and commitment to come to work.”

Respondent 2

“A lot of us get tired from visiting families as the mode of transport for us is walking, taking on extra work means I has to visit more families and don’t get paid more.”

Respondent 3

“My work is piling up because I have a lot of work to do sometimes I do not even look forward to come to work knowing what awaits me , if at least there was an extra money onside it would be better.”

Respondent 4

“...doing multiple tasks rendered me ineffective in what I was doing as result demotivating.”

- **Employee turnover Cause stress on Employee**

The respondents expressed that they feel over burdened by taking on extra work of an employee who have left which results in stress as can be concluded by reading comments of respondents 1, 2 and 3 below. Chapman (2011) warns that the cost of stress to an organisation shows up as high staff turnover, absenteeism, reduced work performance and customer complaints. According to Mathis et al. (2016:188) job accomplishments and workload demands that are dissatisfying or excessively stressful may impact performance and lead to turnover. Organisations need to ensure that staff turnover does not contribute to stress of employees and so stimulate more turnover.

Respondent 1

“...this centre is stressful place people never worked as teams instead people work in silos.”

Respondent 2

“My work is piling up because I have a lot of work to do sometimes I do not even look forward to come to work knowing what awaits me...”

Respondents 3

“I feel over used as a volunteer like the normal people of the organisation who are paid more.”

- **Team Work is affected**

The study found that the respondents value team work as expressed by respondent 1 which gets disturbed when employees leave. Furthermore, new employees cannot perform at same level of performance as the previous employee and also has to adjust to team work as indicated by respondent 3. This result is poor service delivery as literature indicated and affects the organisation as well, as expressed by respondent 3. NPOs therefore have to ensure that they recruit candidates that will fit in with organisational culture and adjust quickly.

Respondent 1

“There is no team work that is what makes my work hard, I feel like I am on my own and now I have taken more but still no extra pay.”

Respondent 2

“This does not only affect individual performance but the organisation is affected.” Respondent 3

“The whole performance becomes poor and not only on the individual bases but it create state of havoc to the spirit of unity amongst us ...staff working as team share knowledge however it is not same with the new person.”

Strategies to Reduce Staff Turnover

Employee Recognition

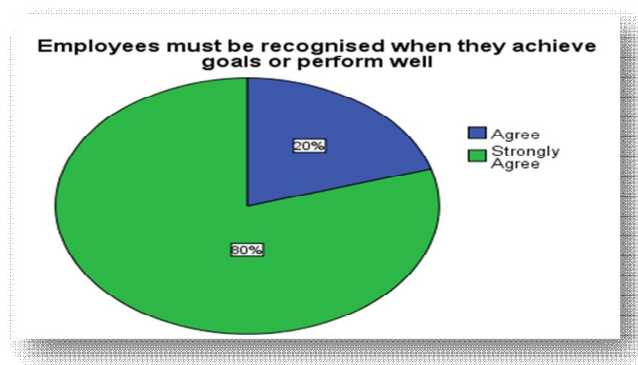


Figure 4.18 Employee Recognition

In figure 4.18, 100% (80%+20%) of respondents collectively agree and strongly agree that management should recognise them when they achieve goals or perform well. The above entails having a performance management system in place and people who are trained to supervise or lead employees. Kunle (2015) mentions that employees in an NPO just like employees of other sectors need to be recognised for their performance and commitment to the organisation. In light of the low salaries provided by the NPO sector and expressed continuously by respondents, the results indicate that management should at least strengthen their focus on non-financial rewards. Wilton (2016) indicate that non-financial rewards play an essential role in motivating employees, attending to their well-being and increasing employee commitment.

Employees must receive a Competitive Salary

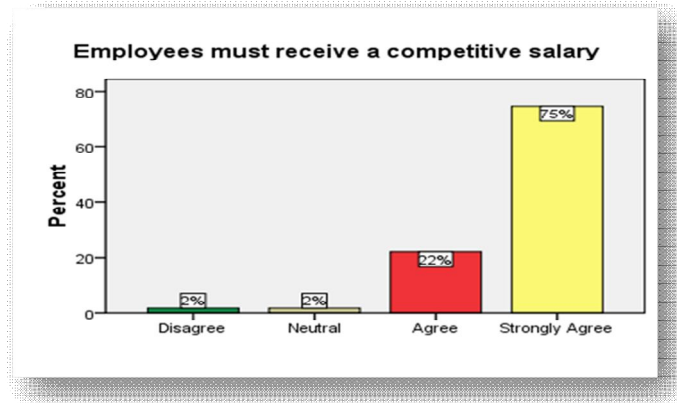


Figure 4.19 Employees must receive a Competitive Salary

In figure 4.19 above, 97% (22%+75%) respondents agreed or strongly agreed that competitive salaries should be offered so as to reduce employee turnover in comparison to the 2% that disagreed. This is in line with results obtained in figures 4.3 and 4.9 where respondents expressed dissatisfaction with their salary and identified salaries as a major cause of turnover respectively. This shows that the respondents are not happy with the salaries offered and some respondents expressed that it is only enough to meet basic needs such as buying groceries for their families. This indicates that some needs are not being met fully by what they are being paid and can be supported by Maslow’s hierarchy of needs which states that a lower order need should be satisfied, before attention is turned to satisfy a higher need (Mabindisa, 2013). It is also important that management of the NPOs provide market-related salaries so as to prevent turnovers to competitors.

Employees must be Developed and Trained

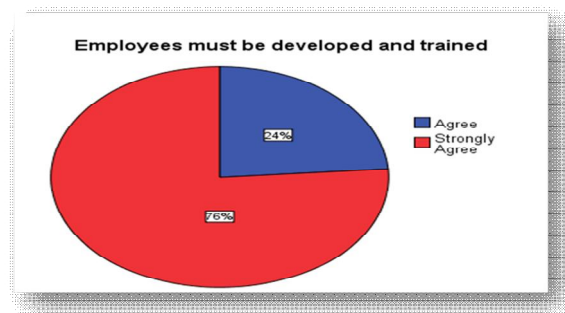


Figure 4.20 Employees must be Developed and Trained

The results presented above in figure 4.20 collectively show that 100% (76%+24%) of respondents feel that training and development should be provided in their organisations as a strategy to reduce employee turnover. Training and development involves creating opportunities for employees to become more valuable to the organisation (Bates et al., 2007:251). Taylor (2008:123) adds that it is the basis which sets out to develop skills relevant to possible future roles or growth opportunities. The need for training and development confirms what literature identified as the habits of non-profits to eliminate training and development items in their budgets due to financial constraints; the results clearly indicate this deficiency. Management of the NPOs under study should engage with staff to identify their training needs and put in place a training plan.

Additional

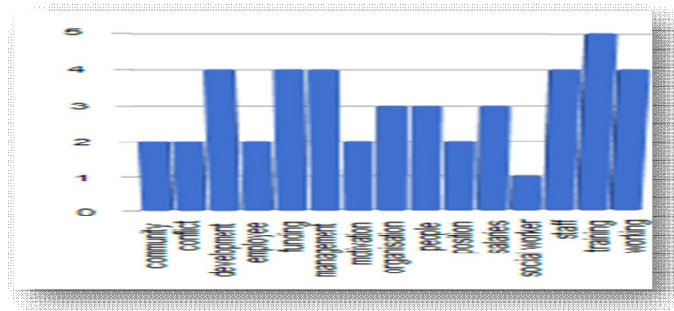


Figure 4.21 Strategies to reduce staff turnover

The above chart in figure 4.21 shows frequency of key words and phrases extracted from the various responses given by respondents. The words are understood in the context wherein they originate from. Below is the discussion of the various themes that emerged in an analysis of the responses that contain the above key words which appeared repeatedly. The following themes emerged and are identified as strategies for reducing turnover or problems that respondents feel need to be solved in order to retain employees.

- **Training and Development**

As seen through the responses of respondent 1 and 2 below, most of the respondents expressed that the organisation needs to focus more on providing formal training of employees and management. Mathis et al. (2016:189) indicates that training and development efforts are designed to demonstrate an employer commitment to keeping employee’s knowledge, skills, and abilities current. It can help even under-used employees attain new capabilities (Mathis et al., 2016:189). This is especially true in light of the fact that respondents expressed that volunteers have to be up-skilled and must be offered permanent positions as expressed by respondent 1 and 3, and also develop their own professionals such as the social workers and nurses. This finding is supported by the results in figure 4.5 above where employees collectively agreed that employees must be developed and trained.

Respondent 1

“Provide necessary training volunteers and turn them into permanent employees of the organisation.

Respondent 2

“...formal skills development and training not training and development were these employees received no certification at the end of training process. Even the volunteers can benefit if they have a certificate, it can be part of community development”

Respondent 3

“NPO must up skills all this employees on the field of interest that would in return be beneficial to the NPO e.g. nurses social worker etc.,...trained from this pool of volunteers NPO enter into agreements with potential volunteers that says , when we qualify certain years had to be invested back in this NPO.”

- **Funding**

Literature revealed that the issue of funding for non-profits is a serious problem, one that leads non-profit to eliminate some important programmes such as training (Kunle, 2015). The respondents as seen from responses of respondents 1, 2, and 3 below view funding as the key important issue if the NPOs being studied are to retain employees, attract new talent and be sustainable organisations.

Respondent 1

“NPO must secure proper funding and be self-sustainable in future”

Respondent 2

“Secondly would be to introduce staff retention with the organisation and that would require a strong funding mechanism to support it.”

Respondent 3

“..Improving working conditions for the sector and funding mechanism get improve maybe people would stay and work for the sector motivation and training might increase interest amongst youth people to invest their knowledge and time in the sector.”

- **Poor Working Conditions**

The respondents suggested that in order to retain employees the employer needs to improve their working conditions as expressed by respondents 1 and 2 below. Hoyle (2009:401) mentions that these include amenities, physical environment, and stress, degree of safety or danger and hours of work which are conditions that the employee works under. The physical, social, and psychological factors of the environment influence one another. It is therefore important that management create, monitor, and adjust these conditions so that they can act positively towards attainment of planned results (Hoyle, 2009:401).

Respondent1

“Improvement of working condition including increasing necessary working resources...”

Respondent 2

“Working conditions could perhaps be improved as NPO are cornerstone for community development.”

- **Management**

The responses below signal the need for improvement of leadership of the NPOs studied. Literature showed that in most cases the leaders of the NPO especially the community based non-profits lack necessary leadership skills to grow the organisation (Kunle, 2010). Findings reveal that leaders of non-profits need to be trained on how to manage an organisation as expressed by respondent 1. It is important that leaders continuously communicate with staff as expressed by respondent 2 in order to avoid any misunderstandings and conflict that may stimulate more turnovers.

Respondent1

“The training and up skill of management and staff on other areas like financial management and so the organisation is able to attract more funding.”

Respondent2

“Management must communicate with staff on issues that affect us, for example when we do not get paid on time they must explain what is the problem. I think this is the source of conflict between staff and management”.

- **Salaries**

Binder (2016) expressed that non-profit employees are happy with their salary despite the fact that they are paid less than their for-profit counterparts. However the findings from some respondents reveal that employees feel that they are paid too little which makes it difficult to meet their basic needs as expressed by respondent 2. This finding contradicts the work of Binder (2016) and the respondents recommend that improving salaries would motivate them to perform their jobs. Furthermore respondent such as respondent 2 recommend that everyone must get the same salary and not a stipend as they are performing same duties. This relates to what was discussed in literature review where NPOs tend to exploit volunteers to perform duties of paid employees (Agard, 2010). If the NPOs are to retain their employees they should take the review the salary scales through benchmarking to see if employees are being paid fairly.

Respondent 1

“...competitive salaries because we as workers complain that our salary is unfair compared to others.....it does little for my motivation to stay here.”

Respondents 2

“Salaries are too low in our organisation; if management want workers to stay they must improve salaries. Sometimes I do the work like a full time employee where as I am a volunteer. Stipend is not enough for my family.”

Conclusions and recommendations

Findings from the Study

The findings from the research study are discussed under two headings namely; key findings from the literature review and key findings from primary research.

Findings from the Literature Review

This study sought to understand the impact that staff turnover has on organisational performance by studying the three NPOs in Verulam and to make recommendations on how staff turnover in a non-profit can be reduced. The findings in accordance with literature review reveal that:

- Most non-profit organisations are highly affected by turnover and this results in the service they provide to beneficiaries being affected and that non-profits may not have the financial capacity to bear the costs associated with replacing employees (Agard, 2010);
- Poor remuneration was identified through literature as one of the causes of staff turnover in a non-profit organisation. Renard and Snelgar (2015:5) mentions that non-profit salaries are one of the lowest when compared with other sectors. Tschirhart and Bielefeld (2012) indicate that the reason for this inequity is based on the belief that employees who are employed or volunteer for a non-profit organisation are attracted to and identify with the mission more, and that explains why employees continue to work despite being paid low salaries;
- Literature indicated that training as well as opportunities for growth within non-profits may be one of the contributing factors to turnover. Kraimer et al. (2011) mentions that employees who have been trained by their company will leave if they do not see any chance for advancement. This implies that if employees are to remain in an organisation for the duration of their working life, there should be enough opportunities and promotion possibilities (Dessler, 2013:353). However it was revealed that training in particular is one of the items usually eliminated when there is a budget cut due to financial constraints experienced by non-profits (Burke and Cooper, 2012:192);
- The literature review indicated that the performance appraisal system is important in establishing how well an employee is performing in his or her job. Performance appraisal is only meaningful if feedback is given to an employee with regard to his or her performance in obtaining the standard set (Leonard, 2013:477). Therefore performance appraisal is necessary in boosting employee productivity and in providing a context within which areas of growth are identified. However literature reviewed showed that the chances of a non-profit employee receiving formal performance review are minimal as performance appraisal system is non-existent or is conducted informally (Kunle, 2015);
- Literature reported that researchers have explored the relationship between job satisfaction, turnover intention and productivity. Javed et al. (2014) indicate that job satisfaction is positively associated with worker productivity and negatively associated with employee turnover. In other words, an employee who is satisfied is more productive than an unsatisfied employee and chances that the employee will leave become minimal. Kunle (2015) reported that job satisfaction in a non-profit can be achieved through finding a fit between employee's values, beliefs and personal characteristics and to tie those to mission of the organisation. A review of the job embeddedness theory suggests that the better the fit, the more embedded an employee becomes with the organisation which reduces the desire to leave (Smith, 2013:892);
- Leadership was identified as another cause of staff turnover. The number of factors such as lack of leadership development, untrained supervisors, poor trained boards or committees, dictatorship and failure to attract professional staff are among the problems experienced by non-profits (Agard, 2010). Burke and Cooper (2012:180) maintain that the supply of leaders is shrinking but the demand is growing. The leadership deficit is related to the ability (or lack thereof) of non-profits to attract, train, and nurture staff to prepare them for leadership positions (Burke and Cooper, 2012:180). Furthermore, the typical non-profit organisational structure lacks opportunities for upward mobility (Burke and Cooper, 2012:180);
- The uncertainty associated around issue of financial sustainability of a non-profit was explored as it is believed to have an impact on performance of the organisation and job security of employees (Agard, 2010). Literature indicated that when there are funding cuts, non-profits often adjust or eliminate certain items such as training which may be detrimental for the organisation as this directly affects performance of the

employees and results in a drop of quality service (Burke and Cooper, 2012:192). Agard (2010) maintains that the non-profit sector offers less stability and job security for workers because of the instability of funding. Non-profits cannot pay living wages nor provide any guarantee of employment without any financial support (Agard, 2010);

- The impact that staff turnover has on organisational performance been researched; empirical work indicates that there is a negative relationship between turnover and organisational performance (Park and Shaw, 2013). The human capital theory showed that when experienced employees leave the organisation, the organisation suffers as they leave with accumulated knowledge and experience and that the costs associated with replacing the employee who leaves hurts the organisation (Shaw, 2013:268). The social capital theory on the other hand emphasised that when an employee leaves, relationships or social networks are broken between employees and even with the stakeholders. Dissolution of network as a result of staff turnover result in lack of communication, loss of contacts, loss of institutional knowledge for example it may take time to build relationships with new replacement which affects task performance in an organisation (Levine and Hogg, 2009:644). Literature indicated that increased customer complaints, decline in quality service, a drop in performance of employees, and inefficiency are some of the negative effects that are experienced by an organisation when staff turnover occurs;
- The literature reviewed established that employee turnover has negative effects on employee performance which ultimately affects the performance of the organisation. Harvard Business School (2013) indicates that it is important for organisation to have performance reviews or appraisals in order to manage employee performance. Negative effects of employee turnover on employee performance relate to problems in meeting customer demand, increase in workload, stress, and damage to staff morale (Mathis and Jackson, 2007); and
- It was found through literature that non-profits do not have formal retention strategies however Dessler (2013:350) suggested that comprehensive retention programmes should be built around selection, professional growth or career development, recognition and rewards, and work-life balance.

Findings from the Primary Research

Causes of Staff Turnover in a Non-profit

- The results established that majority of respondents (74%) are not satisfied with their salary and felt that they were unfairly paid for the work they are doing including taking on extra tasks that accumulate due to employee turnover. High salaries are controversial in a non-profit organisation however they may be necessary to attract and retain the employees (Wolf, 2012:112);
- The findings of the study confirmed that indeed training and growth opportunities in the non-profit sector are scarce as results indicated that 72% disagreed and strongly disagreed that training and growth opportunities are available in the organisation;
- The results showed that 70% of respondents disagreed and strongly disagreed that supervisor discusses their performance with them. This confirms what the literature indicated, that due to the intangible nature of non-profit work, it may be difficult to appraise job performance and that managers in a non-profit lack the trained staff, time and administrative resources to design and manage a workable performance appraisal system (Kunle, 2015);
- The study established that 72 % of respondents are not satisfied with their job. The notion that the non-profit employees are motivated by contributing to public good as mentioned by Kunle (2015) may hold true to an extent however other factors as identified by Javed et al. (2014) such as compensation, job advancement opportunities, relationship with supervisor and relationship with co-workers need to be considered as well as they influence ones satisfaction with their job;
- The results with regard to leadership of the organisation paint a negative picture as 64% of respondents felt that management does not value their input and motivate them to do their job. The problem within the three NPOs under study may either be that leadership requires training, is not engaging with staff or suffers from a founder syndrome as explained under figure 4.7;
- The results indicate that 51 % of respondents chose to respond neutrally to question that aimed to show the uncertainty that is associated with being employed in a non-profit organisation. Udom (2010:80) mentions that being uncertain is a major source of stress for workers and adds that cumulative evidence shows that job security has many returns for an organisation in the form of enhanced staff-staff and staff-employer relationships as well as productivity and prevents turnovers. The contributing factor to uncertainty stems from the instability of the funding in the non-profit sector which may prompt workers to seek employment elsewhere (Agard, 2010);and

- The study found that salaries was identified as major cause of staff turnover in the NPOs studied which is in line with what literature review found and is also supported by the results displayed in figure 4.3 showing 74% of respondents not being satisfied with their salary. Other issues such as poor working conditions and too much dependence on volunteers by NPOs were also identified.

Impact of Staff Turnover on Organisational Performance

- Collectively 58% of respondents agreed and strongly agreed that high staff turnover causes too much wastage of resources when new staff settles in contrast to the 36% that chose to remain neutral. Voluntary turnover affects the organisation as it incurs separation and replacement costs which include costs around hiring, training and developing employee (Cascio and Boudreau, 2011:89);
- The study found that 67% collectively agreed and strongly agreed that staff turnover lowers productivity levels of the organisation. Staff turnover lowers productivity levels of the organisation as management tries to juggle workload with fewer resources (Agard, 2010);
- The study found that staff turnover causes a decline in service provision and beneficiaries suffer and 67% of respondents support this finding. The study confirms that staff turnover impacts negatively on services of the organisation. Mudie and Cottam (2011:141) confirms that organisations with high levels of turnover provide poor service partly because the employees providing the service will not have been doing so for long and have little training or understanding of the Organisation's values or product; and
- The study established that staff turnover makes the organisation suffer through loss of staff that are not easy to replace, the services offered by NPOs such as distribution of food parcels and conducting home visits slows down due to shortage of workers resulting in beneficiaries suffering and resulting in a lot of complaints about organisation. The study has confirmed that the organisation is negatively affected by staff turnover.

Impact of Staff Turnover on Employee Performance in a Non-profit

- The study found that staff turnover has a negative impact on employee performance as it increases workload for the remaining staff, contributes to stress, respondents reported feeling demotivated when daily tasks are not finished and affecting their performance at work; and
- The study also found that team spirit is broken by staff turnover as social network is broken and that work is affected as new staff takes the time to adjust. Reid (2013:16) in this regard indicates that cohesiveness among staff groups does not develop as employees enter and leave the organisation.

Strategies to Reduce Staff Turnover

- The study found that employees would like to be recognised when they perform well or achieve organisational goals;
- The study established that competitive salaries are an important factor to be considered in the reduction of staff turnover;
- The study found that training and development is needed by employees of the NPOs, and some respondents emphasised the need for formal training with certification, which will form a basis for career growth. Respondents recommended extending such training for volunteers which in the long run will put them in a position to be employed permanently into the organisation. Darwish (2013:39) indicates that formal training can provide and develop employees' skills, abilities and behaviours, and accordingly motivate them to apply such skills and behaviours in the work-related activities which in the long run improves output and increase organisational effectiveness and performance; and
- The study also found that the improvement of working conditions and making resources available was recommended by some respondents.

Conclusions

The study was undertaken to investigate the impact that staff turnover has on organisational performance through a case study of the three community-based non-profit organisations in Verulam. Various reasons were identified by literature for causes of staff turnover in a non-profit which include poor salaries, lack of training and growth opportunities, lack of feedback, challenges involving leadership, job satisfaction and uncertainty of being employed by a non-profit. It was established that staff turnover has a negative impact both on the employee and organisation. The findings of the primary research are consistent with the findings from literature, however in addition the primary study found that working conditions and lack of resources was identified as another cause of turnover.

The NPOs under study find it difficult to provide both for competitive salaries, job security, funding, trainings and opportunities for growth are scarce and in addition there is a need for trained leadership. The dire economic situation of non-profits demands for innovative leadership to lead staff in order to improve their own working conditions, and such demands that staff be engaged, given feedback, recognised and trained. The study has paved a way in order to take first steps in retaining the staff, however the non-profit organisations studied need to rise above to their circumstances through innovation and move away from operating in scarcity mode. The decisions that they formulate will determine their growth as they try to survive through the deteriorating economy.

Recommendations

Recommendations are now made based on theory reviewed and incorporated in these recommendations is evidence that was collected from the participants and the accompanying research results that were presented in this research study.

When recruiting employees, it should be of priority to management to find out from candidates (including volunteers) what they are looking for in their jobs and what they expect from the organisation. Successful candidates should be individuals who identify with the mission of the organisation, people who will stay longer and adapt quickly. Burke and Cooper (2012:180) emphasise that the typical non-profit organisational structure lacks opportunities for upward mobility. In light of this information, it is important that management be transparent about what they can offer and to state if a dead-end job is being offered to avoid unrealistic future expectations of career growth. Furthermore management should consider recruiting from the beneficiaries of their services as these people have already come into contact with the organisation and identify with its cause.

It is noted with concern that the three NPOs are too dependent on the main funder, the Department of Social Development, as respondents reported late payments that bring services to a halt at times. Therefore a recommendation is made that a fundraising committee be formed consisting of both management and members of staff that will plan and conduct fundraising activities for an NPO. Rodrigues (2015) indicates that a good fundraising plan should incorporate the needs, goals, strengths, and priorities of the non-profit. This will enable the NPOs under study to provide among other things much needed resources which respondents identified as lacking in their work environment.

It is important to note Uthando Home Based care, Waterloo Drop-in Centre and Soul winning Projects as community based non-profits have been in existence for less than 20 years as indicated by results and may not have reached a level where they are able to offer competitive salaries, however it is important that they find organisations in their environment that are of a similar nature that they can benchmark their salaries with so as to reduce staff turnover.

It is acknowledged through the results that that not enough trainings are being conducted by the NPOs. The fact that organisations do not have enough resources due to funding constraints should not be an excuse not to have a training program in place as this may have detrimental effects for organisational performance and implications on the quality of service rendered by these NPOs. A skills gap exercise needs to be conducted together with staff which will inform what training is needed by employees and management. A recommendation is therefore made for management together with staff to design a training program specifically tailored for the needs of the organisation through benchmarking and networking with other stakeholders. Management is encouraged to use simple and cheap interventions.

Harvard Business School (2013:5) emphasise the importance of a performance appraisal and point out that it helps the organisation in communicating organisational goals, increase productivity by providing timely feedback to employees and helps in decisions about worker's pay, career development and promotions. Therefore it is recommended that the three NPOs improve on supervision and communication with employees with regard to their performance so as to create opportunities for appreciating and recognising employees. Management can appreciate and recognise good performance by for example identifying 'worker of the month' each month.

Leadership should be able to lead in such a way that they are able to help employees achieve the goals of the organisation and that, according Brothers and Sherman (2011) includes sharing power and also empowering employees. Therefore management should value the employee inputs and involve employees in decision-making and always create opportunities for discussion with employees. In this regard Agard (2010) recommends that current

leaders need to learn new skills and improve current basic levels of leadership in non-profits. Management is also encouraged to be transparent on issues of financial position of the organisation so as to avoid uncertainty in employees about the financial sustainability of the organisation.

Areas for further Research

- This research was conducted to only three non-profit organisations in Verulam, therefore a broader view could be acquired by conducting research in other non-profits within the country;
- An inquiry into the leadership styles of non-profit leaders can benefit non-profit organisations to identifying a leadership style best suited to non-profits;
- A salary survey should be carried out that aims to address the compensation practices of the non-profit organisations; and
- In this study there were no respondents employed for less than 6 years which is a good indication, however it is noted that employees may be losing the motivation therefore a longitudinal study which measures the changes in motivation over a period of time would show how expectations of employees change with time on the job.

Conclusion

The study aimed to investigate the impact of staff turnover on organisational performance through a case study of the three non-profit organisations in Verulam. In response to the research questions, this study has demonstrated that poor remuneration, lack of training and growth opportunities, lack of feedback or appraisal, job dissatisfaction, unskilled leadership, funding, staff shortages, extra workload, and stress could be contributing to staff turnover at these non-profit organisations that were studied. The findings form the basis within which management of these non-profit organisations should design and implement appropriate strategies and interventions to prevent further staff turnovers. This chapter concluded the study, provided recommendations to reduce staff turnover so that the non-profit organisations studied which are the Waterloo Drop-in-Centre, Uthando Home Based Care and Soul winning Projects could improve their performance. Suggestions for further research were given. The aim and objectives of the study were met and research questions were adequately answered.

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