Improve Employee Key PerformanceIndicator through Establishment of High Performing Team Model (Case Study: TNP)

Fadhilah Ulhaq[1], Hary Febriansyah[2]

[1] MBA Student, School of Business and Management, Institut Teknologi Bandung, Indonesia

[2] Lecturer, School of Business and Management, Institut Teknologi Bandung, Indonesia

ABSTRACT: TNP, a company in cargo transportation and logistics, is grappling with challenges such as high employee turnover and struggles to meet performance goals, both on an individual and team level. The company's turnover rate exceeds its target, and the overall Key Performance Indicator (KPI) achievement by High-Level Management remains below the company's standard of 80%. This study aims to improve the situation by analysing the current KPI framework. High turnover disrupts operations and suggests employee satisfaction problems, while inconsistent KPI achievement indicates operational inefficiencies. The study utilizes various methods, including interviews with High-Level Management, questionnaires for employees, and analysis of historical performance data. The analysis includes external and internal evaluations, leading to a SWOT analysis, which contributes to the research findings. These findings highlight several areas for enhancement. Proposed solutions involve implementing a High-Performing Team (HPT) model, drawing inspiration from Wageman and Hackman models. This model thrives on collaboration, utilizing collective skills to surpass individual contributions. It emphasizes open communication, knowledge sharing, and complementary skills to address turnover and improve KPI achievement. The study's significance lies in its potential to guide TNP's transformation. Through refining the KPI system and addressing underlying concerns, the study aims to provide actionable recommendations. Ultimately, the study suggests that adopting a high-performing team model could bridge existing gaps. By fostering a collaborative culture and implementing team coaching, the company could potentially revolutionize its cargo transportation and logistics services while also improving employee retention.

KEYWORDS: Collaboration, Employee Turnover, Efficiency, HPT Model, KPI, Team Coaching.

INTRODUCTION

The global business environment's dynamism is closely linked to the effective functioning of human capital, which has become more vital than tangible resources. Human resources' significance continues to grow as core competencies for companies. Successful companies recognize that human resources hold immense value and their management significantly impacts a company's success (Koubek, 2004). The increasing importance of human capital underscores the role of human capital management. This management approach plays a crucial part in aligning individuals with roles, responsibilities, performance, and organizational direction. Effective human capital management serves as an investment to meet current needs and future objectives.Key Performance Indicators (KPIs) are used to measure human capital within a company, determining the significance of individual employees. KPIs are measurable metrics used by organizations to gauge progress toward specific goals. These metrics, whether financial or non-financial, track performance over time, aiding managers in monitoring progress and making informed decisions. KPIs are vital for assessing business performance, identifying strengths, weaknesses, and areas needing improvement. This information guides decision-making and action to enhance overall performance.

Teamwork holds a crucial role in the dynamic business landscape, significantly impacting a company's performance. Collaboration among professionals is vital, with diversity enhancing teams, as indicated by McKinsey's data showing 35% improved creativity and performance in diverse teams. Effective teamwork influences employee morale and fatigue levels, with poor teamwork potentially leading to substantial financial losses, such as between $100,000 and $999,999 in lost sales, according to The Economist Intelligence Unit. Furthermore, strong teamwork reduces employee turnover rates, curbing potential financial losses. High-Performing Teams (HPTs) are instrumental in consistently achieving and exceeding goals, even under similar conditions as regular teams. Research outlines characteristics of HPTs and offers evaluation practices to track their progress. HPTs are essential for adaptability and agility in a dynamic business world, and evaluating them uncovers areas for enhancement. Establishing HPTs

across divisions, including marketing, is challenging but essential for success. A unique approach, like Eales-White's method, suggests rapid creation of diverse HPTs across management and executive levels, potentially reducing costs. Overcoming the multi-generation workforce challenge is crucial in building HPTs, requiring adept leadership to manage diverse generational values that impact team and company performance.

The study's focus is on observing HPT characteristics within the company through qualitative research and implementing the HPT creation process based on prior research. Despite industry differences, the importance of fostering communication, trust, and cooperation in HPTs remains paramount in the 21st century. The research aims to adapt prior findings to the company's context and identify strategies for forming effective HPTs. The research encompasses the process of establishing a high-performing team, requiring meticulous planning and execution, with leadership's pivotal role in providing clarity of purpose and managing team dynamics. The proposed High Performing Team Model addresses various business issues like low productivity, high turnover, poor quality, and lack of innovation. The model's six key elements, categorized as Essentials (Real Team, Right People, Compelling Direction) and Enablers (Supportive Context, Sound Structure, Team Coaching), offer a framework to resolve these challenges and enhance team performance and productivity within the company.

BUSINESS ISSUE

The dynamic and competitive business landscape of the 21st century demands organizations to continuously evaluate their performance and strive for improvement. Key Performance Indicators (KPIs) play a crucial role in measuring the success of a company's strategic objectives and operational efficiency. Exploring the context of a business issue related to enhancing KPIs is essential to provide insights and recommendations for organizations aiming to optimize their performance measurement systems.

In today's business environment, companies face numerous challenges when it comes to improving their KPIs. These challenges can arise from various factors, including internal inefficiencies, external market forces, emerging technologies, changing customer expectations, and industry-specific regulations. The context of this business issue revolves around identifying the root causes that hinder an organization's ability to enhance its KPIs and subsequently devising strategies to address these challenges effectively.

Initially, TNP has company's policy to keep employee's KPI record to be above 80% across the company. Meanwhile in the early year of 2023 the company experienced that the employee especially the top level management has not achieved the expected result. The high level of employee turnover rate also become major problem for the company since the high rate influence the efficiency of the company both in terms of financial and employee's adaptability

LITERATURE REVIEW

I. Key Performance Indicator (KPI)

Key Performance Indicators (KPI) is one of the tools which could be utilize by a company to assess the progress of the company to assure that the progress align with the company's vision, since in order to measure organization's performance require suitable performance indicators. Performance indicators could defined as physical values used to measure, compare, and manage the overall organizational performance (Gosselin 2005). The Key Performance Indicators could consist of quality, cost, financial, flexibility and reliability, employee's satisfaction, customer satisfaction, and learning and growth. Those indicators could generate trade off between indicators according to the scope of business of the company.

Performance can be classified into two main groups, financial or cost based measurement and non-financial or non-cost based measurement. Past discussion on KPI elaborate more on the classification of the indicators into 4 types which are financial, customer related, learning and growth, and internal business process. Those groups have similarity on allocating the indicators into measurement per individuals.

KPI also could become the driving force for sustainability in the company to track the performance of a system at any level that produce output. Wide range of options on KPI's indicators should be oriented based on their ability to comprehend with the decision-making process in the company. Although there are several classification of KPI's indicators, general indicators of KPI is efficiency-based measurements which have the purpose to assess the efficiency of a process or system based on information concerning the same resource or energy flow from two specific points of the system (Iacovidou & Velis, 2017).
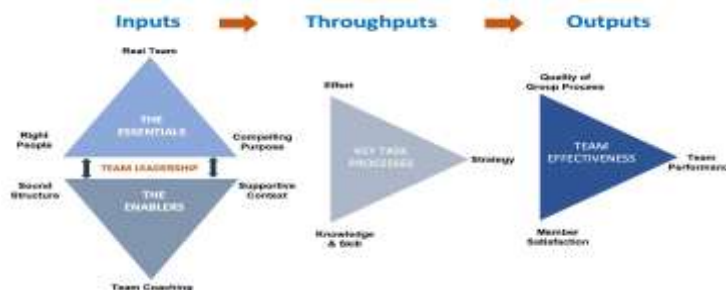
II. High Performing Team Model

Figure 1. High Performing Team Model (Source: Mullins, 2022)

The High Performing Team Model concentrates on six critical conditions that drive higher team performance within the company environment. These elements are categorized into "The Essentials" and "The Enablers," each contributing to team excellence:

The Essentials: Compelling Purpose: High Performing Teams (HPTs) require a clear vision aligned with the company's objectives, with leaders playing a pivotal role in maintaining vision clarity for effective decision-making. Real Team: HPTs align their values with company values, fostering collaboration, accountability, and interdependence among members to achieve common goals. Right People: Teams should consist of diverse members possessing varied knowledge, skills, and experiences to ensure a broad range of perspectives and effective collaboration.

The Enablers: Sound Structure: HPTs have the right mix of members and well-defined conduct guidelines, creating an environment conducive to developing and implementing performance strategies. Supportive Context: HPTs require three support systems—Reward, Information, and Educational Systems—to promote collective performance and provide necessary resources. Team Coaching: Sustained performance is achieved by leaders who mentor and develop team members, creating a culture of continuous learning and improvement.

The model further categorizes coaching interventions into three timing points—Beginning Point, Mid Point, and End Point—based on the team's progress. Coaching focuses on three key performance processes: Effort, Performance Strategy, and Knowledge and Skills, contributing to overall team success. The model highlights that these components interact with each other, reinforcing the structural and contextual features of The Enablers.

METHODS

In order to analyse the problem, the research required data collection from the company, therefore the process could continue with the analysis of internal and external factors. The result of internal and external analysis could determine the SWOT analysis and could determine the strength and weaknesses of the company which could help to build the framework for the solution propose. The High Performing Team analysis could establish based on the internal analysis from the prior analysis which cause the researcher to be able to propose the recommendation on the implementation of high performing team model in the company to improve the performance management specially in employee's Key Performance Indicators (KPI).

For acquiring secondary data, the author gathers information from various sources such as the company profile, journals, previous thesis and E-books. The author also collect data by doing field observation, interview with key informants, spreading questionnaires and document observation given by the company.

Continuing the Data Collection Method, researcher required method of analysing data gathered. The Data Analysis methodthat will be used during the research will consist of Content Analysis and Narrative Analysis. Content analysis is a method by evaluating number of concepts found during the research and transforming the qualitative information into data that could provide insights regarding the current state of performance in the company. The method will provide the information of High Performing Team condition in the company. Narrative Analysis will transform perspective of the employee both in written and verbal form into data that will support the research process. Both method are valuable for exploring qualitative data. Content analysis will focuses on identifying the patterns related with the purpose of the research, while narrative analysis focus on understanding the structure and perspective of the employee.

RESULT

I. Performance Gap Analysis on Existing KPI Framework

Analyzing performance gap analysis in the context of a business issue related to improving Key Performance Indicators (KPIs) in a company involves assessing the differences between the desired KPI outcomes and the actual performance of the organization. Table 1 shows the gap identified from the difference between desired performance and actual performance achieved. The analysis will be focus on the Warehousing (WH), Human Resources and General Affairs (HRGA), and Finance Accounting & Tax division. Since those division has significant influence on the team performance and efficiency.

Table 1. Gap Identification In Employee's KPI

Department - Position	Performance Indicator	Performance Measurement	Performance Achieved
WH - WH Manager	Lead Time Delivery Container	Max 2x24 hours after container on stack CY	43,0%
	Storage & Demurrage Cost	No Demurrage/Storage	50,0%
	Reduce Overtime	January's Target : 520	50,0%
	Safety Talk, Briefing, Socialization, dan digital mindset	Min. Once per week	100,0%
	Actively participate in company activities	- Participating in company's activities, Ex: Independence Day - Responds to messages in group chat from HR Department Ex: Employee's Birthday. If not performed, value = 0	50,0%
WH - WH SPV Surabaya	Weekly Review	Participate in weekly internal meeting	50,0%
HRGA - HRGA Manager	No delays in extending PKWT employees	Informed to employees 30 days before expiration	50,0%
	Ensuring company licensing needed to comply with regulations	No delay in company licensing, vehicle STNK & KIR	75,0%
	Weekly Review	Participate in weekly internal meeting	60,0%
	Updating work reports on group chat according to guidelines	WFO : Plan-Actual Calculate proportionally within 1 month	50,0%

HRGA - HRGA Staff	Pre-Payroll (employee leaves and allowances, overtime, and attendance calculation)	Deadline On 23rd of Each Month	0,0%
FAT - FAT Manager	Monitoring Invoice issuance (Issuance Reminder, creating and sharing Invoice)	TNP and DPS max 2 working days after complete documents received from Operations and submitted to SMB	0,0%
	Monitoring Collection TMS & DPS	TMS : Max 60 days after invoice received	88,0%
	Individual Training	30 hours/year/employee	0%
	Internal Department Training	30 hours/year/employee	0,%
FAT - Finance Supervisor	COC Request to SMB	Max H+3 after documents received by SMB	40,0%
	Cost control	Procurement Proposal and Operational Cost within Budget	0,0%
FAT - Acc Supervisor	Checking Entered Journal in the System (BPU, Invoice AR, Invoice AP)	H+3, Accurate after Entered in the System	20,0%
	Ensure The Validation of Financial Statement	100% Accurate	75,0%
Overall	Control Ratio on GA Expenses All	163,41	88,5%
	Company Financial Performance All	412,15	43,7%
	Monthly Review	<= Date 12 = 100% Date 13 - 14 =75% Date 15 - 16 =50% => Date 17 = 0	0%
	Module Development	According to IT timetable	81,8%
	Individual Training	2,5 hours/month	100,0%
	Internal Department Training	2,5 hours/month/employee	100,0%

Color		
0 - 49% Achieved	50 - 89% Achieved	90 - 100% Achieved

(**Source:** Author, 2023)

Through comprehensive performance gap analysis, the researcher gain profound understanding regarding the area where the actual performance are under the intended outcomes. By pinpointing these gaps, the company can tailor its strategies and initiatives to address these precise shortcomings and enhance the overall Key Performance Indicators (KPIs) of the organization ina purposeful and result-oriented manner. This approach not only ensures a more efficient allocation of resources but also propels the organization towards a trajectory of continuous improvement and sustainable success.

II. SWOT Analysis

A SWOT analysis helps align KPI improvement initiatives with the organization's strategic objectives. By understanding the internal strengths and weaknesses in relation to the external opportunities and threats, the company can identify KPI areas that require attention and align them with the organization's overall strategic direction.

Table 2. SWOT Analysis (Source: Author, 2023)

Strengths	Weakness
Skills and Expertise Simple Business Process Solid Structure in Several Division	Absence in Leadership Role Model Communication Flow Lack of Standardization Limited Financial Resources High Employee Turnover Rate
Opportunities	**Threats**
Talent Development Programs Available	Competition in Job Market

Strengths: The strengths of the company include skilled and knowledgeable employees who excel in technical abilities, often holding specialized certifications, which can be further enhanced through education and training. TNP benefits from a simple business process, especially in its warehousing and distribution service, with straightforward processes and well-defined procedures from key customer INALUM, minimizing miscommunication and errors. The company boasts solid organizational structures in various divisions, enabling clear reporting lines, seamless coordination, defined roles, and purpose, while also fostering open communication and collaboration. Opportunities for improvement lie in enhancing information flow and knowledge sharing within the organizational structure.

Weakness: The company's weaknesses include an absence of strong leadership role models, leading to a lack of clear and inspiring leaders for employees to look up to. Communication flow issues persist, with inefficiencies and potential miscommunication between divisions, potentially causing distrust. The lack of standardization in processes and procedures results in inconsistencies, damaging efficiency and performance. Limited financial resources hinder the company's ability to allocate budget to crucial training activities like team coaching. Additionally, the high employee turnover rate is a significant weakness, disrupting ongoing operations, increasing recruitment costs, and impacting team morale. This turnover suggests low retention, possibly tied to employee dissatisfaction and inadequate growth opportunities. The influx of new employees also leads to reduced performance during adaptation, potentially resulting in a loss of skilled personnel. Addressing these weaknesses is vital for TNP's overall improvement and success.

Opportunities: The opportunity involves in employee training and development using internal and external resources with the purpose of enhancing employee's skills, knowledge and competencies. Training could be seen as one of the form of investment leading to improve job performance and overall organizational success. Type of training that could be the focus of the company is soft skills training. Soft skills training could empower employees to become more effective leaders and collaborators. Several

institutes and organizations available to provide talent development for the company. Those platforms are corporate learning platforms, consulting and training firms, and specialized training providers. The choice of platforms would be depend on the needs and goals of the company.

Threats: Company's work environment could influence level of attraction for top talent. Skilled and talented employees also become a target for other company. Retaining skilled employees will become more difficult due to high demand in industry. Compensation regarding the accomplishment of employee's KPI could also influence level of employee's satisfaction. HR have additional responsibility to stay updated on industry trends to ensure company's remain competitive on pay and benefits.

III. High Performing Team Model

The discussed research outlines a framework for enhancing teamwork performance within the company, emphasizing two categories: The Essentials and The Enablers. The Essentials encompass prerequisites for effective teamwork, including Real Teams, Right People, and Compelling Direction. TNP already meets the conditions of Real Teams, though roles and tasks understanding could be improved. The company ensures Right People by strategically hiring to address gaps, leading to smaller teams per division and increased responsibility. Compelling Direction is present thanks to leaders providing guidance, though some may need additional skills. The Enablers, on the other hand, complement the Essentials to optimize team capabilities: SoundStructure entails well-designed tasks, the right team composition, and conduct norms. TNP's team structure features autonomous task handling and clear conduct norms, albeit room for enhancement remains. Supportive Context involves resource support, including rewards, information, and education. TNP's rewards system focuses on individual performance, while information is well-organized through live modules. Educational system gaps need addressing. Team Coaching, which aligns strategies, skills, and effort, proves valuable for effective teamwork. Effective coaching interventions for innovation and skills enhancement are recommended at midpoint and endpoint stages.

These structural and contextual conditions set the stage for implementing the High Performing Team Model, aiming to bridge performance gaps across TNP's divisions. The identification of the gap could be seen on Table 1 which shows the areas of improvement from each of the division that includes in the scope of the research. Bridging the gap is one of the process of performance gap analysis which become the essential process of the research. The proposed High Performing Team Model potentially resolve the challenges identified from the analysis. The analysis of current employee's KPIs in TNP has led to recommendations aligned with the Hackman and Wageman high performing team model. The model offers a structured framework to identify areas for enhancing team performance.

In the Warehouse division, improvements could be made in Core Business through the creation of Standard Operating Procedures (SOPs) for lead time delivery, ensuring clear workflows and minimizing errors. Additionally, there's a need to improveReporting by establishing daily briefings led by a leader for effective communication, alignment, and decision-making. Coaching by implementing certification programs is essential for advanced skill development, and enhancing Clear lines of Authority and Decision Making within the team structure is vital. For the HRGA division, a refined compensation policy integrating performance-linked and retention bonuses could elevate employee performance. Targeted Training on talent management focusing on retention and headhunting strategies would optimize talent management practices. In the FAT division, improving norms of conduct and developing structured reporting procedures would foster a zero-error culture. Training in fraud prevention, supplier relationship management, and transparent communication is needed. Effective Coaching interventions focused on Effort, Performance Strategy, and Knowledge and Skills is crucial. These insights align with the High Performing Team Model, aiming to enhance productivity, quality of work, employee retention, and competitiveness across the divisions. The identified areas for improvement will strategically establish a high performing culture within TNP.

CONCLUSION

TNP, a cargo transportation and logistics company, faces challenges with inconsistent team leader KPI performance and high employee turnover. The analysis of current KPI framework reveals issues in team coaching, reporting, and Core Business achievements across divisions. Implementing a high performing team model, like Hackman and Wageman's, is recommended. Real Teams status is achieved in WH, HRGA, and FAT divisions, but some lack role clarity. Expanding team sizes and addressingreward and educational gaps are important. The model offers a systematic approach to enhance team effectiveness. Refining Core Business

via SOPs and improving Reporting with leader-led daily briefings can boost communication and decision-making. Certification programs and clear lines of authority aid Coaching. These actions align with the model's principles, aiming to improve productivity, quality, retention, and efficiency across divisions.

REFERENCES

1. Ahiaga-Dagbui, D. D., Tokede, O., Morrison, J., & Chirnside, A. (2020). Building high-performing and integrated project teams. Engineering, Construction and Architectural Management, 27(10), 3341–3361. https://doi.org/10.1108/ecam-04-2019-0186
2. Bernstein, E. (2016). Organizational Behavior Reading: Leading Teams. Harvard Business Review, 51. https://canvas.harvard.edu/courses/11656/files/2844129/download?wrap=1
3. Butina, M. (2015). Conducting Qualitative Research: A Narrative Approach to Qualitative Inquiry. American Society for Clinical Laboratory Science, 28 (3) 190-196; DOI: 10.29074/ascls.28.3.190
4. Crawford, L. (2020). Conceptual and Theoretical Frameworks in Research. In Foundations in Research Design (pp. 35–47). SAGE Publications, Inc. ISBN: 9781544342375
5. Deepa, R. (2012). Impact of Performance Management System on HR Outcomes. Review of HRM,1,43-57. https://www.proquest.com/scholarly-journals/impact-performance-management-system-on-hr/docview/1655811883/se-2
6. Eales-White, R. (2012). Building high-performing teams rapidly. Industrial and Commercial Training, Vol. 44 No. 7, pp. 424-428. https://doi.org/10.1108/00197851211268018
7. Erdem, A. (2017, December). Mind Maps as a Lifelong Learning Tool. Universal Journal of Educational Research, 5(12A), 1–7. https://doi.org/10.13189/ujer.2017.051301
8. Gupta, A. (2013). Environment & PEST Analysis: An Approach to External Business Environment. International Journal of Modern Social Sciences, 2 (1): 34-43. https://modernscientificpress.com/Journals/IJMSS.aspx
9. Hackman, J. (2004). Leading teams. Team Performance Management: An International Journal, 10(3/4), 84–88. https://doi.org/10.1108/13527590410545081
10. Hackman, J., & Wagemen, R. (2012). Foster Team Effectiveness by Fulfilling Key Leadership Functions [Jstor]. In Handbook of Principles of Organizational Behavior (2nd ed., pp. 273–293). John Wiley & Sons, Ltd. https://doi.org/10.1002/9781119206422.ch15
11. Hackman, J., & Wageman, R. (2004). When And How Team Leaders Matter. Research in Organizational Behavior, 26, 37–74. https://doi.org/10.1016/s0191-3085(04)26002-6
12. Ishaq , B, M., Awan, H.M., & Razaq, Z (2014). The key performance indicators (KPIs) and their impact on overall organizational performance. Qual Quant 48, 3127–3143. https://doi.org/10.1007/s11135-013-9945-y
13. Ismail, Nasution, H., Sembiring, M,T (2019). Human Resource Scorecard Based Human Resource (HR) Assessment System Design. IOP Conf. Ser.: Mater. Sci. Eng. 505 012034. https://doi.org/10.1088/1757-899X/505/1/012034
14. Jay, B & Gottfredson, R. (2016). Human Capital, the Millennial's Reign, and the Need For Servant Leadership. Journal of Leadership Studies. 10. 59-63. 10.1002/jls.21474.
15. Jay, S. (2022, March 8). 11 Team Effectiveness Models to Build High-Performing Teams. AIHR. https://www.aihr.com/blog/team-effectiveness-models/
16. Larasati, A & Aryanto, D. (2020). Job-Hopping and the Determinant Factors. DOI: 10.2991/assehr.k.200120.011.
17. Lockwood, N. R. (2006). Maximizing Human Capital: Demonstrating HR Value With Key Performance Indicators. HRMagazine, 51(9) ,S1-S11. https://www.proquest.com/trade-journals/maximizing-human-capital-demonstrating-hr-value/docview/205269574/se-2
18. Martin E. R. (2006). Team effectiveness in academic medical libraries: a multiple case study. Journal of the Medical Library Association : JMLA, 94(3), 271–278. https://www.ncbi.nlm.nih.gov/pmc/articles/PMC1525325/
19. Matovic, I.M. (2020). PESTEL Analysis of External Environment as a Success Factor of Startup Business. Conscience Conference On Science And Society. https://doi.org/10.5281/zenodo.4058794
20. Mullins, B. (2022, November 17). How To Design A Powerful Team: The 6 Crucial Conditions. https://brentmullinscoaching.com/designing-powerful-teams-the-6-conditions-that-lead-to-80-of-your-effectiveness/

21. Pellet, J. (2008, October 8). How Effective Is Your Senior Team?. ChiefExecutive.net. https://chiefexecutive.net/how-effective-is-your-senior-team/

22. Phillip. (2023, June 14). 7 Elements of High-Performance⌷. The Leadership Sphere. https://theleadershipsphere.com.au/insights/seven-essential-elements-of-high-performing-teams/

23. Professional Services Capability Framework: Seeing the Bigger Picture. (2019, January). Sheffield Hallam University. Retrieved July 26, 2023, from https://blogs.shu.ac.uk/shupdreviewtoolkit/files/2019/01/Stakeholder-Analysis-ADD-LINK.pdf

24. The Science and Art of Great Teams: Learn about the 6 Team Conditions - Leading Change Network. (n.d.). Leading Change Network.

25. https://leadingchangenetwork.org/resource_center/the-science-and-art-of-great-teams-learn-about-the-6-team-conditions/

26. Sherif, Z., Shoaib, S., Mark, J., and Konstantinos, S (2022). Identification of the Right Environmental KPIs for Manufacturing Operations: Towards a Continuous Sustainability Framework" Materials 15, no. 21: 7690. https://doi.org/10.3390/ma15217690

27. Vries, K & Visser, K. (2021). Evaluation of the factors characterising high-performing maintenance teams in the petrochemical industry. The South African Journal of Industrial Engineering. 32. 151-161. DOI: 10.7166/32-3-2626.