

EXECUTIVE SUMMARY

Human Resource is the most valuable asset of an organisation. The depletion of human capital may lead to several adverse consequences in organisations. Accordingly, this management field research project examined the high employee turnover (ET) in the core business units (CBU) of FR21 Company, a leading enterprise software development company. Sri Lanka's ICT industry is expected to be worth USD five billion by 2025, making the industry more competitive. Hence, retaining employees is crucial for IT companies. Subsequently, this project focused on reducing the high employee turnover in CBUs of FR21 and utilised quantitative and qualitative methods to find information. The project's main limitations were the inability to generalise the findings, restrictions in obtaining company data, unavailability of past company data, and lack of industry-related data in the local context.

FR21 is a subsidiary of FRS Group which has its footprint in more than 30 countries across the globe. A swot analysis was carried out to study the company profile. Accordingly, the renowned brand name, solid financial background was identified as the significant strengths. The lack of standardised processes and lack of consideration on skills development are noticed as the key weaknesses. Similarly, increasing career interest in ICT and the emergence of IT start-ups are identified as the foremost opportunity and threats. The critical problem of the project is high ET in CBUs. As discovered, out of all the employees who left FR21, more than 90% are from CBUs. As a result, FR21 has failed to maintain the ET rate below 10% and the average ET rate of the company identified as 14%. Consequently, the current problem has delayed employee development, challenged achieving service excellence, and sourced the company's talent requirements. To investigate the problem, the root-cause analysis was conducted based on the brain-storming session, exit interview data, employee heartbeat survey data.

Subsequently, an extensive literature review was conducted to understand the conceptual background of the main problem. Similarly, the literature relevant to the identified root causes in the root-cause analysis were reviewed to perceive the solutions recommended in the literature in reducing ET. The secondary data such as peer-reviewed ranked journal articles, published books, internet sources and printed journals were referred for the literature review. The study framework was developed based on the findings with the identified project components: career development practices, service delivery management,

and employee hiring process. Further, the management techniques applied to develop solutions are also identified through the literature review.

The key objective of this management field research project was to reduce the ET of CBU in FR21 from 18% to 13%. Likewise, sub-objectives were developed to improve the identified project components as well. Further, the current situation of each project component was studied to understand the actual situation. Employees lacking career advancement, dissatisfaction with the management, high workload, meaninglessness of their job, employee dissatisfaction and inefficiencies in the hiring process were presented under the current situation. Accordingly, the solutions such as improving processes, conducting training need analysis, planning training programmes and evaluating them, introducing an e-performance appraisal platform, introducing psychometric selection tools were proposed to resolve the identified problems. Further, the cost of the project is estimated at Rs.1,514,160. Moreover, the project team was built under the leadership of the HR Director. The critical resources from HR, software development, risk team and CBUs are included in the project team with the respective roles and responsibilities.

The perceived savings from employee resignation cost, new hire training cost and new hire recruitment costs were realised as the direct tangible cost of the project. Saving from the recruitment process automation is noticed as the indirect tangible benefit. Good onboarding experience and employee engagement are identified as intangible benefits. Overall, the benefit/cost ratio of the project was calculated as 10.6, which indicates the worth of implementing the project. Additionally, the increased efficiency of processes, employee development, employee performance, management quality, improved employee-manager relationship is identified as the outcomes of the project which will result from the outputs such as reduced employee turnover, e-performance appraisal platform, psychometric selection tool, management training etc.,

The authenticity of the findings and developed solutions are validated by using the literature. It is recommended to implement the proposed solutions within six to twelve months. Therefore, it is advised to have proper planning and effective change management to overcome possible challenges such as resistance to change. Considering the related risk, providing required training, creating awareness through effective communication, senior management involvement, and periodical monitoring is also recommended to reduce the ET in FR21 as anticipated, and to sustain the project outcomes.