

## EXECUTIVE SUMMARY

Human Resource is undeniably the most important resource for success of an organization. The depletion of this vital asset can lead to many adverse tangible and intangible adverse consequences. As such, this management field research project examined the high labour turnover among machine operators at the factory of Diamantaire Private Limited (DPL), a company engaged in high calibrated precision cut diamonds for the Swiss watch industry. Diamond cutting and polishing industry depends heavily on the manual skill and experience of its employees. Hence, retention of such valuable labour is key to the sustainability and growth of DPL. This project, therefore, focussed on reducing the high labour turnover of the machine operators at DPL. Qualitative and quantitative methods were used to find information. The project's main limitations were in relation to lack of industry related data; more so in the local context and the inability to generalize all of the findings to other industries.

DPL is engaged in high calibration precision diamond cutting, in partnership with RSA, Switzerland. A SWOT analysis was carried out to study the current position of the company. Brand image of both RSA and DPL were identified as strength. Poor people management, high turnover and lack of management controls were identified as weaknesses. Availability of capacity for diversification was identified as opportunity, while unsustainable production costs, rise of low cost production countries and risk of lab grown diamonds were identified as threats. Given its significance, high machine operator turnover was identified as the key problem. It was also assessed that failure to address turnover had resulted in poor HR practices such as recruitment and performance appraisal, hindered quality, reduced productivity and resulted in poor employee satisfaction scores. To investigate the problem, a root-cause analysis was undertaken based on brainstorming sessions and interviews with factory management.

An extensive literature review was undertaken to understand the theoretical and conceptual background of the key problem. Literature relevant to the identified root causes was reviewed to find solutions, validated in existing credible literature. The literature review was put together using 19 A\*, 24 A, 22 B, 11 C ranked peer-review journals plus published books and other material. Based on such validated findings, a study framework was developed setting out the project components "Recruitment and Performance Appraisal",

“Quality”, “Productivity” and “Employee Engagement”. Thereafter, management techniques used to develop the solutions were identified through literature.

The key objective of this management field research project was to reduce machine operator turnover at DPL from 71% to 42% over 14 months which is the training cycle for a polisher. Thereafter, sub-objectives were developed for each of the identified components. Subsequently, the current situation of each project component was studied to gauge the actual situation. Poor recruitment practices, absence of performance appraisals, inadequate quality system, lack of technical and people management training for supervisors, lack of process study, poor employee voicing mechanism and no fun at work were explained in the current situation. Correspondingly, structured interview guide, dexterity and trainability tests, exit interview, graphic scale rating, process flow charting, training need analysis, training plan and training evaluation for technical training and people training, introducing fun at work and grievance management were proposed as solutions. The cost of the project was estimated to be Rs 2,414,199/-. Resource allocation with project team roles and responsibility was put in place.

The perceived benefit from savings on training costs, higher value addition revenue on higher productivity, saving on overtime due to reduced rework and savings on recruitment costs were identified as direct tangible costs, while gains due to reduced absenteeism were identified as indirect tangible costs. Intangible benefits comprised greater transparency and accountability and enhanced employee satisfaction score. The overall benefit/cost ratio of the project was 20.31 which confirms the viability of the project. Better quality of workforce, improved performance and productivity, effective selection process, improved transparency, enhanced supervisory and workforce motivation, better process flow, enhanced quality, reduced work pressure and enhanced employee engagement were identified as outcomes of this project.

The authenticity of the findings was validated in context of the solutions developed using credible literature. The timeframe recommended for implementation of proposed solutions was six to twelve months. Brainstorming plus cause and effect analysis for process, productivity and quality was crucial to address bottlenecks. HR maturity, transparency of compensation and reward, a periodic training plan, respect and appreciation for employees and their views and enhanced communication and engagement are recommended as being vital to reduce the machine operator turnover at DPL and should be monitored closely.