

Business Cases



Volume - 01

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Editorial Note

We, the editors of the Business Cases published by the Master of Business Studies (MBS) Degree program, Department of Commerce and Financial Management, Faculty of Commerce and Management Studies, University of Kelaniya, Sri Lanka, are delighted to present the Volume 1 of the Case Study book. This volume contains the business cases developed by the learning partners of the MBS batch 1 as a partial fulfillment of the requirement for the MBS degree. 04 out of 12 business cases submitted by the student teams were selected to publish in Volume 01, considering the academic rigour, breadth and depth of the case studies. The cases represent diverse business areas, including Marketing, Innovation, Strategic Management, and Operations Management. All the cases are real business cases in Sri Lanka, and the content can be used to teach undergraduate and postgraduate students in universities.

We, the editors, would like to state that this is the first time in Sri Lanka that case studies developed by postgraduate students are being revised, edited and published for the use of teaching. We would like to express our sincere appreciation to the supervisors and the authors of the case studies whose theoretical and practical contributions are presented in these business cases.

Editors

K.G.M. Nanayakkara, Ph.D.

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“Womens’ Savings”: An Innovation that Failed to Grab its Market

Authors: Darsha Gunawardana, Dilani Nilmini, Kalhari Samaragunaratna,
Sashrika Marasinghe, Sithumini Pushpanjalee

Supervised by: Pubuduni Jeewandarage

Abstract

ABC is a unique bank committed to uplift the standards of living of low-income families. They offer a range of microfinance activities and variety of products with attractive benefits. The bank recently launched a unique savings product - “Women’s Savings” account, which did not perform as they expected and did not achieve the targets compared to their other products. This case examines five causes that led the bank to face this problem. An analysis has been conducted to support the received data from the Branch Manager, Kiribathgoda

Keywords: Product Failure, Customer Attraction, Product Growth

Learning Outcomes

By the end of this case, students should be able to:

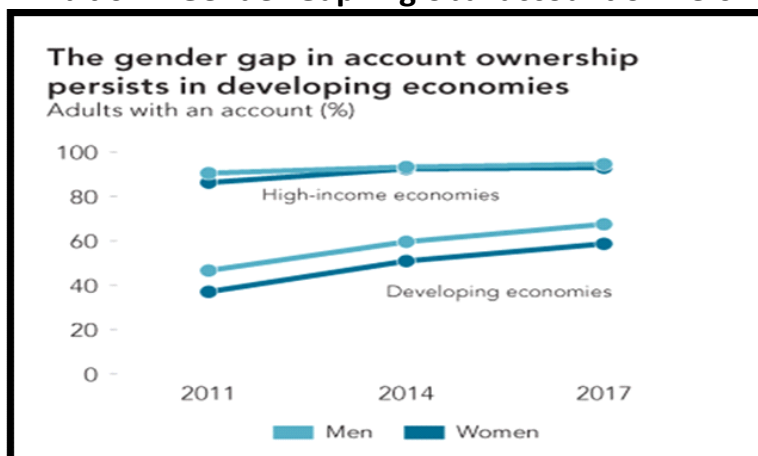
- Identify the reasons for a product failure
- Suggest strategies to overcome product failures
- Understand the importance of identifying product failures and taking remedial actions at the correct time

The Banking Industry

Global Situation

Nowadays, banks tend to introduce various new products based on the customer's age, gender, income, occupation, etc and these advancements are largely motivated by technological advancements. When considering the gender, many banks have recognized women as a significant customer base across the world. There is a gender gap between men and women in bank account ownership. This gap is larger among developing nations when compared to high income nations (refer exhibit 01 below). Research show that women are far more interested in savings accounts than men- that of, 63 percent of women wanted to start a basic savings account, whereas it is only 26 percent in men (Maccann, 2018).

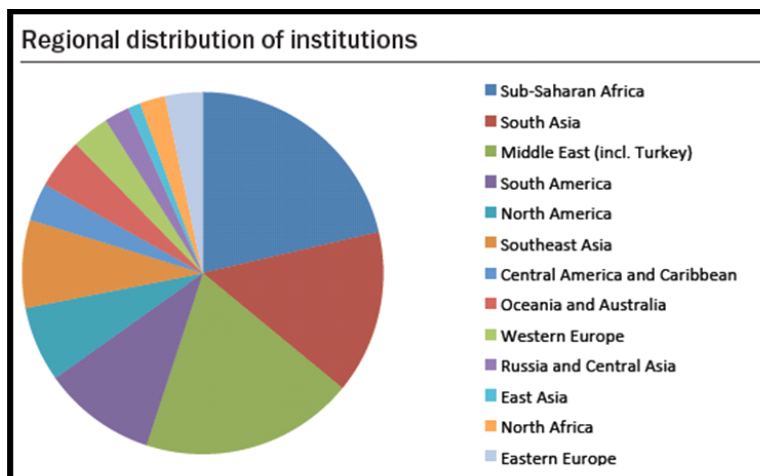
Exhibit 01 – Gender Gap in global account ownership



Source: The Global Findex database

There are 89 financial institutions in the world that cater to the needs of women. Over a half of these institutions were in Sub-Saharan Africa, South Asia, and the Middle East, with commercial banks accounting for nearly 70% of the total (refer exhibit 02 below).

Exhibit 02 - Financial Institutions in the world



Source: Global best practices in banking for women-led SMEs

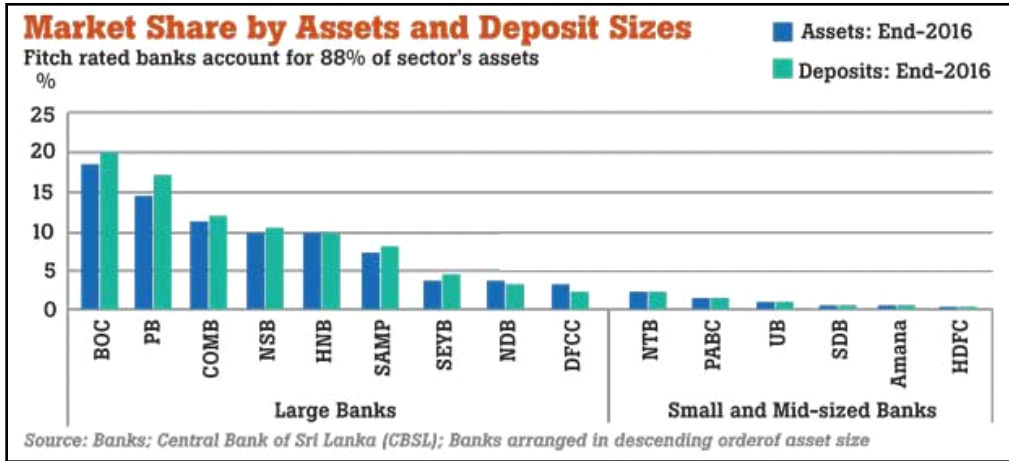
A snapshot of the Sri Lankan banking sector

After gaining independence in 1948, the post-independence Government of Ceylon established the Central Bank of Ceylon to maintain an active monetary policy regime and a dynamic financial sector to support and promote economic growth. Currently, there are 06 licensed specialized banks and 24 licensed commercial banks in Sri Lanka. There are 11 private domestic commercial banks and thirteen foreign banks among the licensed commercial banks (CBSL, 2020).

Competition of the Banking Sector

Sri Lankan banking sector is very competitive since there are many players which are in the private and government sectors. According to the Fitch ratings, there is a high market share of private sector banks when compared to public sector banks. Such as National Savings Bank, Bank of Ceylon, and People's Bank (refer exhibit 03 below).

Exhibit 03 – Market share of the Sri Lankan banks



Source: Banks; Central Bank of Sri Lanka (CBSL); Banks arranged in descending order of asset size

Accounts ownership based on gender

In Sri Lanka, both men and women have similar levels of account ownership according to the 2018 NFI Survey. An average account ownership at a bank stands at 88%, with 89% for men and 87% for women (refer Exhibit 04 below).

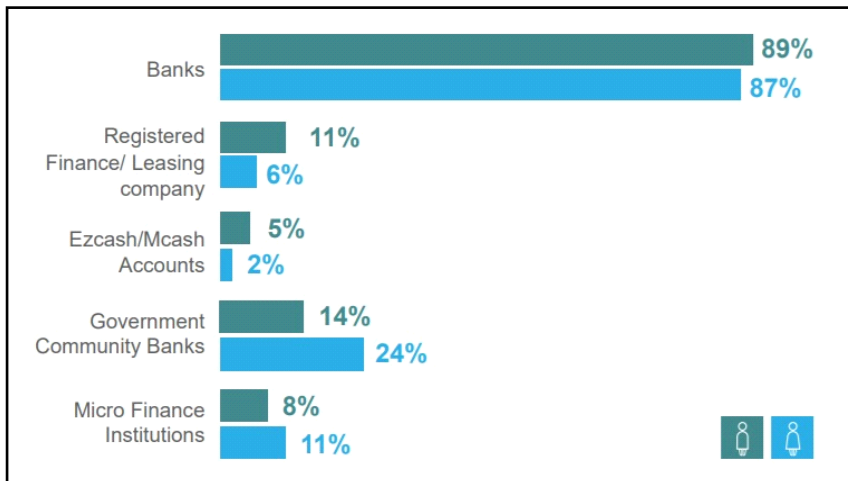


Exhibit 04 – Accounts Ownership Based on Gender in Sri Lanka

Source: Sri Lanka's National Financial Inclusion survey 2018/19

Background of ABC Bank and Product Expansion

The ABC Bank

ABC Bank is one of the financial institutions that offers unique services to both male and female customers and it is one of the licensed specialized banks in Sri Lanka registered by the Central Bank under the Banking Act No. 30 of 1988. It was originally formed to respond to the needs of ABC Bank Federation, as an alternative banking partner and primary credit institution to satisfy the financial needs of its sizeable network of island-wide co-operative societies.

Retail customers, SME customers and co-operative societies are the main customer base of ABC Bank, and they encourage them to invest and save through their deposit products. In the role of financial intermediation, the banks act as an intermediary primarily between its main customer base and it mobilises deposits and lends money.

Launch of “Women’s savings” Account

The launch of the "Women’s savings" product is one of the key achievements of the ABC Bank journey as it provided a total financial solution for women which includes savings, loans, insurance benefits, fixed deposit scheme with hospitalization benefits and skill development and capacity building programs for women. In the year 2009, the women’s savings product was introduced by management of the ABC Bank in order to encourage the habit of saving among women.

The product was again re-launched in 2016 along with new features after recognizing the need to empower women who struggle to rise with courage and their own efforts as well as contribute equally to the economy of the country and their family.

2014 census stated that, 24.8% of the total MSMEs in Sri Lanka are female-owned and the majority of women SME's cannot go beyond micro scale whilst very few make it to the medium 6.1% and large (4.6%). Further, there is a significant credit gap of Rs. 50 billion of women owned businesses in the MSME segment recording a 22% under-served or unserved credit needs, which is caused by the existence of unscrupulous money lenders and informal funding mechanisms at grass-root level. As a solution to this issue ABC Bank has introduced a loan scheme under the "Women's savings" category in 2018 up to Rs.1 million credit requirements without immovable securities. It also provided a total solution of financing their MSMEs including credit facilities with capacity building and skill development programs.

A Red Light

The branch manager of Kiribathgoda has industry experience over 20 years. He has worked in several areas and manages the overall products offered by the bank. His duties include supervising and managing the branch, distributing assignments to employees and monitoring their performance. Based on his vast knowledge of the ABC Bank, he identified that there is a problem with the Women's savings product. The number of dormant accounts (the accounts that does not indicate any financial activity performed by the account owner for a long period of time) has increased rapidly with the low product growth. According to the data he gathered, the product "Women's savings" consist of 104,155 customers island wide. It is 18% of all the number of savings accounts in the bank. However, there were 40,913 dormant accounts in the "Women's savings" product as at 2021. The percentage of dormant accounts from all "Women's savings" accounts is 39% across the country, which is a considerable rate. Therefore, he stated that it is a problematic situation for the bank as a whole.

Even though, the product consists of exclusive benefits, it failed to attract a significant number of new customers, which led to lower the product growth and a failure to retain the existing customers due to the increase in dormant accounts. This problem exists in all the ABC Bank branches across the country including the rural areas.

This product is specially designed for women in the country in order to make them financially independent. Specially, targeting the women in rural areas to get significant benefits from this product. Unfortunately, they were reluctant to do so, as many of them wished to go for a normal savings account instead of inquiring about other suitable products of the bank. Even though the bank maintains strong relationships with rural and underbanked communities to align with their overall strategies, they were unable to attract customers from those communities for this product and it is a problematic situation for the bank as a whole.

What went wrong with the product?

1. Lack of proper marketing strategies.

The ABC bank has implemented some marketing strategies when launching the Women's savings account, but they were not good enough to attract more customers afterwards since there is no continuity in those strategies. The promotional activities have been done for special occasions such as women's day and they were not good enough to keep up a good customer base for the product. Therefore, their customers eventually migrated to other mainstream financial institutions which consists of better marketing strategies.

2. Issues regarding motivation of internal staff, and ill maintenance and monitoring of savings accounts.

The "Women's Savings" product at ABC Bank did not achieve the expected results. This was largely due to ill motivation provided by the management of the company providing internal staff to guide their customers to provide them with a better understanding of this type of product. Therefore, customers had to open normal savings accounts instead of any other account such as "Women's Savings". The employees failed to provide all the details required by the customer and satisfy them.

The monitoring of the opened accounts has also not been done properly and they do not inquire about the reasons for increasing dormant accounts which has led to experiencing low product growth. The employees do not wish to go beyond the duties defined in their job description and as a result of that they do not care about the above-mentioned things.

3. Operational issue of daily cash collection.

The ABC bank had failed to provide high level of security and convenience to their customers by offering cash collection services as they were unable to keep up a strong cash collection system internally. Since they could not offer a secure way of depositing cash to the existing customers without visiting the bank, the customer attraction for the product had become lower and also internal operational issues have been increased.

4. Inability to adapt the advanced technology

The ABC bank has failed to offer some technological advancements in the banking sector such as Cheque Deposit Machines, E-passbook and E-statement services and it worsened the problem as many people today think it is convenient to maintain an account without any physical passbook and get monthly statements online, especially the young generation. The ATM service of the bank was not available in many areas of the country which caused inconvenience to the customers as they had to visit the bank physically for deposits and withdrawals where there was no ATM. Failing to offer credit card facilities is another drawback of the bank which led to low customer attraction.

5. Customer dissatisfaction due to poor queue management

ABC bank customers had to spend a lot of time in the queue due to their poor queue management, especially on salary days and pension receiving days. It reflects the poor customer service at the bank. This has led to customer dissatisfaction and low deposit growth in the bank.

The Customer Survey

According to the problem identified by the branch manager, a customer survey was conducted to evaluate the problem (refer exhibit 05 below). A sample of 50 participants from the "Women's Savings" customer database has been selected randomly by covering the entire branch network. The findings are as follows,

Exhibit 05 - Customer Survey

Question	Response - YES	Response - NO
01) i. Are you aware about the "Women's Savings" product?	28%	72%
ii. Are you satisfied with the benefits given for the "Women's Savings" product?	34%	66%
02) i. Did you get an awareness about the "Women's Savings" product from the bank internal staff?	32%	68%
ii. Are you satisfied about the awareness given by the internal staff?	32%	68%
03) Are you satisfied with the service given by the bank for daily collection?	18%	82%
04) i. Do you prefer to have E-passbook, E-statement and CDM facility?	94%	6%
ii. Are you satisfied with the ATM coverage of the bank?	10%	90%
05) i. Have you ever experienced long waiting time in the que when getting your service?	70%	30%
ii. Do you agree that there is an efficient que management system in the bank?	28%	72%

Source: Research data

Discussion Questions

- Recommend solutions for each cause which contributed to the failure of the Women's Savings product of ABC Bank
- How can the ABC Bank develop and maintain its competitive advantage and ensure customer retention for the product?
- What strategy should the ABC Bank follow to increase product growth?

Downsizing of business units in People's Leasing Fleet Management Ltd

Authors: B.N.Suwadarathne, D.L.R.P.Fernando, K.L.C.Jayamali, W.G.S.Willarachchi,
D.M.D.R.Dhanapala

Supervised by: Tishani Hearth

Abstract

Achieving efficiencies and effectiveness of an operation process is critical for any organization. It involves a resource management process in delivering the demands and satisfying the customers while maintaining supply chain efficiency. The operational issues always creating competitive disadvantages for companies. This case study discuss the problem behind the People's Leasing Fleet management limited.

Learning Outcomes

By the end of this case, students should be able to:

- Understand efficiencies and effectiveness enhancement of the operation process of any organization is the focus of operations management.
- Discuss the operational issues always creating competitive disadvantages for companies.
- Evaluate operations management and operations strategy involves with resource management process of the organization.

Fleet Management Services

Fleet management is an administrative approach that allows individuals, businesses to organize and coordinate work vehicles in order to increase productivity, lower expenses, and comply with government regulations. The brand-new vehicle sellers, recondition vehicle sellers, Rent A Car service, sharing economy, operating leases, and on demand service offering such as Uber and Pick Me are subsectors of the industry which the industry also consisting with a high competition. Historically, banks and finance corporations began to invest in fleet management companies, and now non-financial companies are joining the competition.

People's Leasing Fleet Management Ltd

People's Leasing Fleet Management Ltd (PLFM) was incorporated on 6th August 2008 offering products and services with regard to fleet management services, it has been doing Rent A Car services, operating lease, operating vehicle servicing center, and providing vehicle valuation. With a vision of becoming the fleet solution provider to the future of mobility as a subsidiary of People's leasing and Finance PLC. The mission of the company is "to be the most admired, Purpose driven, eco-friendly service provider which embraces breakthrough business ideas in digitization has led us to be the sole registered fleet management company in Sri Lanka".

Financial stability and liquidity improved during the year as indicated by the current ratio movement from 2.12 to 4.66 times and the debt equity ratio movement from 10.82 times to 6.42 times net assets also increased by 6.05% to Rs.333.01 million during the year. In the year 2021, the total number of employees was 115, with 50 valuation officers, 6 technicians, and 23 drivers.

Vehicle servicing business unit

The vehicle serving business unit was started in year 2008 and the Company was performing well during its initial stages there were many issues with the employees and infrastructures. The company has recruited permanent employees for the vehicle servicing business in which the competitors operated with temporary and contract employees. This resulted the company to incur a very high cost in managing and maintaining its human resources since the employees had to make overtime payments, insurance and other health benefit costs, annual increments, and annual bonuses that resulted the higher pressure in the bottom line of the business unit. At the same time the facilities offered by the business unit and also the location and other machinery is that were used by the business suited were not that sophisticated as industry leaders which resulted the business unit to incur comparatively lower demand and revenue that sometimes could not cover the operational costs (CEO, 2021). These weaknesses of the business unit have resulted the company to drop the business unit in order to reduce the overall burden in the bottom line of the company. The Service Centre was closed in 2011 due to a lack of ability to run the business for a variety of reasons.

Rent- A-car business unit

Rent-a-car services includes a wide range of services related to renting vehicles/automobiles for an appropriate fee, for specific time periods, ranging from a few hours to a few months. These services are generally required by people who need a vehicle temporarily. Rent-a-car commenced operations in 2012 with five idle vehicles from the company's vehicle fleet unit. As support services, the unit offered hiring services, easy drive, leisure drive and vehicle breakdown services to clients. The unit operated from Colombo and offered its services island wide.

Vehicle valuation business unit

The focus of the vehicle valuation business unit is to provide valuations for the vehicles and vehicle owners who obtain leases from any financial institute or bank. More importantly, the business has identified an opportunity in vehicle valuations especially the mother company People's Leasing & Finance PLC offer number of leasing facilities to customers. It is important for all these leases to obtain a valuation in satisfying the central bank rules and regulations.

Operating leasing business unit

The operating leasing business unit has been established to consume sustainable profits from the Rent-A-Car business (CEO 2021). In general, the individual customers were obtaining the service of Rent-A-Car business in which the vehicles were rented for short period that created uncertainty is in generating sustainable profits. This resulted the company to consider establishing the operating leasing business unit in which the business unit has focused business customers and offer vehicles for rent for longer periods which are over one year up to 5 years.

What's going wrong with Peoples' Leasing Fleet Management Ltd

The main problem which the People's leasing fleet management Ltd. is facing at present is that the company has closed down two business units out of four and currently is operating only with the vehicle valuation business unit and operating leasing business unit. Further, considering to drop-down the Rent-A-car business unit and the decisions taken by the company in selling its vehicle fleet creating many issues since the company is in lack of vehicles even to promote the operating leasing business unit.

The annual report of the company clearly indicated that the vehicle prices have been increased significantly due to the decisions that the government have been taken in restricting vehicle imports in managing the foreign currency issues and deficit in the country and more importantly it stated that the demand for vehicle rentals have been decreased which resulted the company to divest from the vehicle hiring operation and focus on vehicle valuation business (PLC AR, 2021).

The statement which the company has declared in its annual report is challenging since even though the prices of the vehicles have been increased massively if there is a critical issue in demand for vehicle rentals in the country which required systematic research whereas according to the CEO of the company, they have not conducted any systematic research in evaluating the demand for vehicle rentals in the country (CEO, 2021). Further, even though the

Company was able to sustain profits for the last financial year that also has been influenced by the income that the company generated through selling its vehicle fleet, the question is that when the company is able to sustain the same performances in the coming years without the vehicle rental business.

It was clearly stated that the other income of the company has been reached up to 52.74 million rupees from 4.8 million rupees due to the income of selling of vehicle which was almost 47.94 million rupees. With an assumption of the total 47.94 million rupees of other income have been generated due to this selling of vehicles the operating profits of the company without that income becoming 9.98 million rupees and the operational profitability of the company will reduce up to 5.17% which could be a critical condition.

Other income in 2019/2020	4.8 million
Other income in 2020/2021	52.74 million
Possible income of vehicles sales	47.94
Operational profits of the company in 2020/2021	57.92 million
Operational profits of the company in 2020/2021	
Revenue of the company in 2020/2021	192.95 million
Operating profitability without the income of selling of vehicles	5.17%

Table 1: Possible operational profit without the income of selling of vehicles

The above table 1, clearly indicates the possible and probable situation which the company may face in the coming years even if there are many possibilities for the company to experience a reduced revenue since the income that the business has been generating through the Rent-A- Car business unit will not be there in the coming years. Therefore, the problem the company faces at present is that; what possible strategies that the company would consider in future in order to sustain in the business as well as generate sufficiently enough profits while generating a higher competitive advantage. On the other hand, the failures in the business units and People's leasing fleet management private limited will create a negative impact on the brand image of the mother company that the company also need to consider and the company is having considerable higher liquidity that has been generated through selling of vehicles which also could be identified as a strength of the company in facing future challenges.

The decision to drop Rent a Car Business

The business has already disconnected or dropped to business units. It was argued that when an organization makes a decision on dropping a product, service, or even a business unit it is important to focus on the operation profits that the product, service, or the business unit generates in which it is not recommended dropping any product, service, or a business unit if it makes operational profits even though making net losses (Dandago and Tijjani, 2005; Welch, 2009). This is because when making operational profits it generates a certain contribution towards the company (Dandago and Tijjani, 2005; Welch, 2009). With respect to the vehicle servicing department or the business unit there is no issue for the decisions that the company has paid in dropping the business unit. But with respect to the Rent-A-Car Division the company was able to generate operational profits whereas without the business unit it was already identified that the company will make comparatively lower operational profits which indicates even though there was no growth in Rent-A-Car business still maintaining the business unit would have generated positive impact on the financials of the company and the company would have not taken the decision to drop the division. The authors identify the decisions that they have taken in dropping the Rent-A-Car unit is not a better decision and the company would have considered other ways of enhancing the operational efficiencies and generating better profits for the company.

On the other hand, the large-scale players in the Rent-A-Car industry are having very massive fleets with them in which Casons Rent-A-Car company claiming that their vehicle fleet is over 500 (Casons Rent-A-Car (Pvt) Ltd, 2021). These conditions make a doubt on the decisions that the company has taken to shut down the Rent-A-Car business and also challenging the statements that have been indicated in the annual reports as the reduced demand for vehicle rentals. The researchers believe that the reducing demand is not due to the changes in the industry or the socio-economic factors but lack of competitive approach by the company in which the failures to maintain the competitive position of the company in the industry would have resulted the company to experience a reduced demand for Rent-A-Car business in which the decision would be not to shut down the business but to reposition the business.

Discussion Questions

- **Explain the nature of competitive forces that the fleet management business encountered?**
- **Discuss the recommendations to rebuild the fleet management business unit**

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Value Innovational Game Changer to Sail in the Sri Lankan Blue Ocean by Sail Lanka

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Supervised by: Nalaka Wickramasinghe

Abstract

This case examines how Belgium-born entrepreneur Pierre Pringiers uses value innovation, the cornerstone of the blue ocean strategy, to overcome the problem of marketing manufactured yachts to sail around the untapped Sri Lankan coast creating a new niche market by forming Sail Lanka Charter.

Moreover, this case examines how the business evolved by applying the four actions framework from Dolphin & Whale watching experiences to the current portfolio. The current portfolio stands out including weddings onboard overcoming several challenges. Further, this justifies the application of upward integration of the value chain addressing its problem

Learning Outcomes

By the end of this case, students should be able to:

- Relate the value innovation, the cornerstone of the blue ocean strategy, and its implication
- Understand the application of the four-actions framework (Eliminate, Reduce-Raise--Create – ERRC Grid)
- Justify the application of upward integration of the value chain

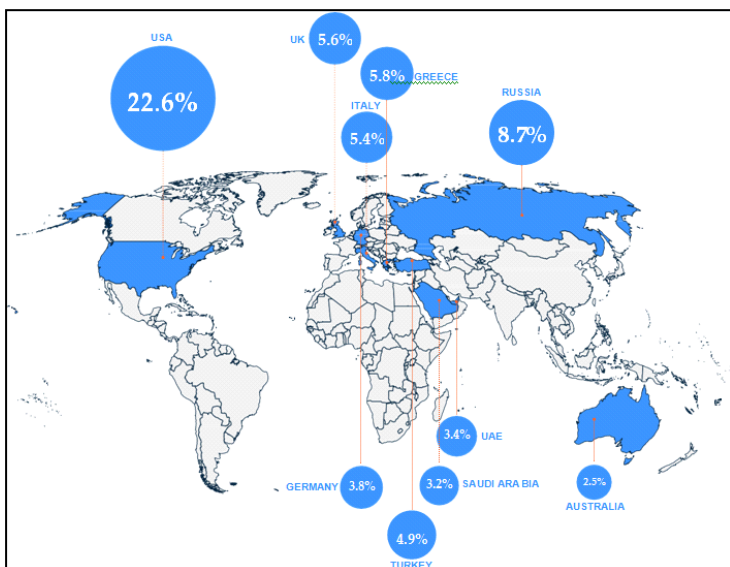
The Yachting Industry

Yachts are typically owned by the rich as a weekend getaway or to entertain important guests. They are either motorized or sail powered, mostly confined to local waters, although some hardcore enthusiasts do sail to the world's hotspots from lonely tropical beaches to the polar circles. Yachts come in many shapes and sizes, from boats big enough for two people to super yachts of over 24 meters with permanent crews.

Yachting tourism is based on these vessels to provide recreation, entertainment, accommodations, catering and other leisure-related services on islands includes Island Hopping and in coastal areas offering comparatively luxury experience, emerging as integral part of the global marine tourism sector.

According to the annual market report of Monaco Yacht, USA dominates the global ownership of super Yachts amounting 22.6% followed by Russia 8.7% & Greece 5.8% respectively as the Market leaders. Thus, Asian territories have ample room for an exponential growth. Exhibit 01 shows the Top10 super yacht ownership nations for operating super yachts over 40 meters in 2021

Exhibit 01: Top10 super yacht ownership nations for operating super yachts over 40 meters in 2021



Source: Monaco Yacht Annual report 2021

Pierre Pringiers – The founder of Sail Lanka



Pringiers was passionate

about sailing being Yachtsman and has owned boats all his life, but never intended it to be a full-time venture till Indian Ocean tsunami shifted the focus on 2004.

Pierre Pringiers made entry to Sri Lankan market as an investor starting his first venture Solideal-Loadstar in 1984 to produce and export solid tyres differentiated being filled with air like normal pneumatic tyres used in commercial and construction vehicles.

The Journey begins

The entity was formed in partnership with Jinasena Group as a joint venture when Sri Lanka was about to set on unrest with two domestic conflicts against Tamil Rebell guerrillas in the North as well as the youth insurrection in the South, made his friends calling his decision as a blunder on investing here. On the other hand, it was a challenging business to be stood out with US and European giants who dominated the 80% solid tyre market.

It took **35 years** for Pringiers founded company emerged to dominate the global market of solid tyre manufacturing reaching annual revenue beyond \$1 billion due to his perseverance.

Today the company is known as **Camso Loadstar** after its recent merger with Canada's **Camoplast** has a presence in 140 countries making Sri Lanka their manufacturing hub, with products made in Sri Lanka generating 60% of global sales. Pringiers headed the board at Camso Incas, which employs around 5,500 people in Sri Lanka with four R&D centers in Ekala(20km North of Colombo), Belgium, Canada and China, until the recent global acquisition of Camoplast by the Global giant in Tyre Manufacturing Michelin.

Pringiers with his solid tyre business partner Tissa Jinasena set up the Solideal Loadstar Rehabilitation Trust in rebuilding Mirissa's fishing communities affected by the Tsunami disaster by rebuilding 750 houses, 30 fishing boats and restored 250 boat engines including a boat lift to the Mirissa fisheries harbor using private & corporate donations of \$7 million.

Two Years later, Pringiers turned the trust into the Building a Future Foundation, aiming to create sustainable opportunities in uplifting the fishing community of the south by offering training for young people to enabling them to earn a living, having realized that the market for their skills will come from the ocean itself that destroyed so many lives and livelihoods will give them a future. This was very impactful as the boat yard foundation set up to repair the tsunami-damaged boats emerged as a training center.

In 2008, to help the young boat makers find jobs, Pringiers helped a foreign investor set up the Barramundi Boatyard at the Koggala Industrial Zone, about 20km from Mirissa by convincing him to relocate to Sri Lanka instead of originally intended location of China by assisting him incorporate the company and get Board of Investment tax concessions.

The children of Mirissa fishermen were learning & mastering all the skills related to boat building from engines, fibre-glass, building masts, making sails and finishing like air conditioning, refrigeration, electronics and woodwork. Those youngsters were also trained on the finer points of boating and sailing.

Success Story of Whale Watching & Founding of the Mirissa Water Sports

Pringiers allowed a group of five youngsters to use his 16 meter boat to earn money for themselves by taking out tourists on boat rides or sport fishing. "It was a misery. They couldn't manage it and I had to keep financing their operations," he recalled. One day when the men took out an English couple for a round of sport fishing and on their return found Pringiers at the Mirissa fisheries harbour. "Did you catch anything?" when he reached out to them. "No, Mr Pringiers!" came the reply, but he couldn't understand why they were all smiles. "We saw whales, lots of whales," they shouted back with joy. By accident, they stumbled on blue whales that had made Sri Lanka their home for centuries **which gave birth for whale watching industry.**

The five youngsters made Rs1.5 million in sales in the first year, packing their boat like a bus. Four years later, they grew Rs12 million in sales, ordered two new boats whilst securing a bank loan for a third boat.

As Pringiers floated Mirissa Water Sports & Blue Water Cruise empowering Mirissa youth running them on their own finding the space in the fisheries harbour to mooring the boats.

Organization problem of Barramundi Boatyard with challenging times

In the meanwhile, the Barramundi Boatyard secured five new orders to build luxury sailing yachts for the European market, but the investor couldn't keep the yard open due to mounting costs. Pringiers recalled his move to buy 50% stake stating "I had no choice. I couldn't allow anyone to lose their jobs which forced him to step in to take a state". Pringiers finished the five orders on time which comprises catamarans, sailing yachts with two hulls but had to price at a loss which he lost \$2 million on the deal, but learning a valuable lesson recalling "When the first yacht was displayed to a buyer in Europe, his wife cried—ooh, the lighting is all wrong here, there are wires showing here, the wooden flooring is uneven here, she went on and on!", mimicking a distraught angry woman. A year later, as the global financial crisis worsened the boat yard stopped getting orders and it did not favor in competing with intense export market. Pringiers desperately looked for a partner to invest in a stake but with no one willing to invest or interested as the biggest concern was the non-existence of a market for yachts made in Sri Lanka which compelled him for seeking an alternative way forward.

Lack of Market Space pushing to exploit the unexplored Nautical Tourism segment

With his invitation in 2014, three Belgian postgraduate students researched the potential of Sri Lanka's yacht market. They responded within three months "Mr Pringiers, no one in Sri Lanka is going to buy a yacht from you. Many Sri Lankans wouldn't know what to with a yacht, let alone sail it. Importing yachts is expensive and rich Sri Lankans prefer investing in land, apartments and fancy cars. Even the corporate and hotel groups aren't interested in buying yachts" highlighting the local market perception, but offered some hope yet with an eye opening thought.

“There is a way out, if you are ambitious. That is to float a charter company buying yachts built at your boat yard. With two million tourist arrivals and in a blue ocean of no competition, the charter company can make enough money to sustain itself and the yard. There is no reason why you shouldn’t be successful”.

Pringiers incorporated Sail Lanka Charters in 2014 to fill market gap facilitating the hiring services of a charter company for a day-trip or overnight by ventured into yachting-related businesses when no market existed for them here.

Success Story – The Sail Lanka Yachting Group

Sail Lanka Yachting group has built experience in below three pillars of expertise, all necessary to develop the yachting industry in Sri Lanka as game changer in the global yachting industry making revolution in Sri Lanka's tourism sector overcoming many obstacles.

Boat Building - Since 2008

Baff Polymech is a BOI company manufacturing yachts for the Sri Lankan waters and for exports in tropical Asian countries, Five types of boats were developed and 100% built in Sri Lanka, Ceycat is the first leisure yachts brand in Sri Lanka & 80 feet Ocean Diamond catamaran 'floating boutique hotel ' is their superior Yacht Product.

Infrastructures - Since 2010

Solar Impulse finances, develops and Builds mini-marinas around the country to enable our locally build boats to operate successfully around Sri Lanka, The group has been instrumental in the creation of Marina Lanka pvt. Ltd as a part of their value chain.

Exhibit 03: Solar Impulse manufactures a range of products related to yachting and pleasure boating



Boat Chartering- Since 2014

The Sail Lanka Yachting group was created in December 2014 by integrating the commercial entities of the Building a Future Foundation "BAFF" (www.bafkorg) to develop the leisure boat industry in Sri Lanka

Pringiers' sailing charter company, Sail Lanka operates ten catamarans. "We go all around the country in our yachts. We visit the islands in Jaffna and Kalpitiya. We cross over the shallow Adam's Bridge," Pringiers says. "One day, sailing between India and Sri Lanka will be common. It takes half a day and the scenery is so beautiful. This is by itself a major attraction."

Benchmarking with Global Markets

In his journey Pringiers had to overcome several challenges when they faced threat of closure, but he saw this vital opportunity to save them and grow the businesses by sailing the yachts built by these companies to make money from the tourism boom. In attracting more and higher-spending tourists, Sri Lanka needs to offer unique experiences like destinations like Thailand and Malaysia where tourism industry earnings equal 19% and 15% of GDP, respectively.

Sri Lanka too has an edge over many popular rival yacht charter destinations in Asia. "We have the same tropical weather as in Thailand, for example, but we have two seasons: one in the West coast and another in the East, which makes viability even more interesting," Pringiers said.

Yachting and the associated lifestyle has every potential to attract tens of thousands of holiday makers from rich yacht owners to upper-middle class high spenders enjoying days-long sailing experiences or charters of smaller vessels that sail to secluded coves for an afternoon of snorkeling, swimming and drinking Champaign. Yachters don't spend money onboard, but on land unlike luxury cruises.

Pringiers sailed successfully on yacht chartering like he did whale watching with one distinct difference full of potential where Whale watching is confined to three main areas around the island Mirissa in the South, Kalpitiya in the West and Trincomalee in the East whereas yachting can play in all 1,400km of coast.

Towards sustainable business model through upward Integration on the value chain

He set up several small companies in Sri Lanka designing and building yachts, masts, sails, yards, cordage, electrical components, mini marinas and moorings empowering youth. A technical school is training youth from fishing villages to build yachts, in electrical engineering, and in engine repairs and maintenance. Another academy trains them in sailing skills and ocean conservation.

Also what he is most passionate about is its potential to uplifting living standards of communities. “No one needs to be left behind in the luxury boating industry,” as per Pierre.

Drive towards Eco Friendliness

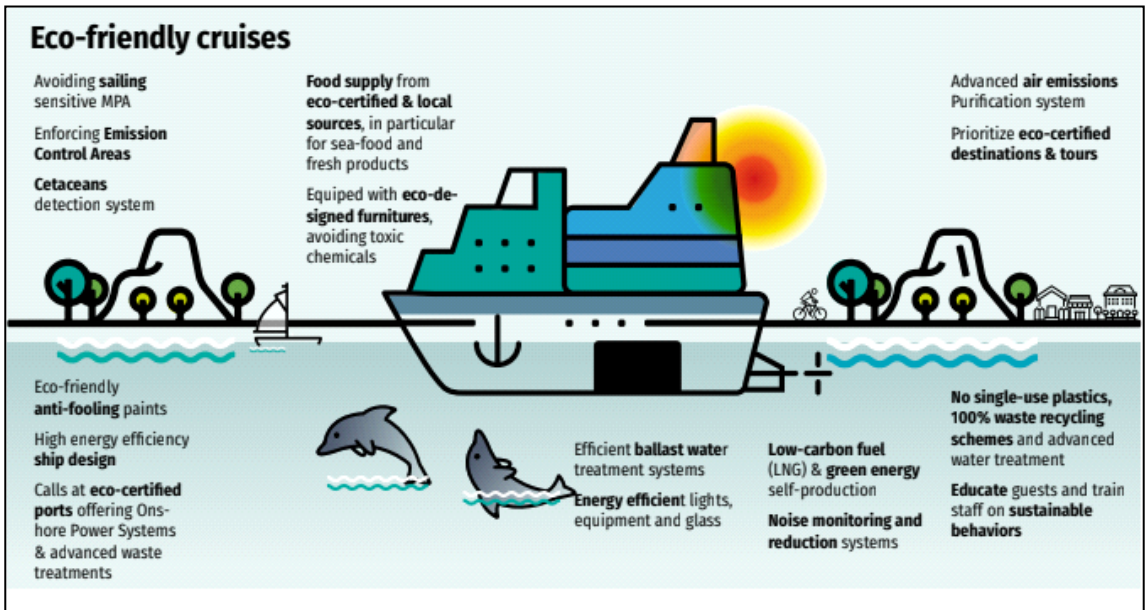
Sailing yacht owners tend to turn up their noses to motorized yacht owners as it demands specialized skills, intimacy with wind and wave. Pringiers wants to promote sailing over motor-powered luxury boats. “We want to stay on the right side of things, we don’t want to upset the ecosystem,” he says.

In most yachting hotspots in Asia like Thailand, charters hop from island to island. In Sri Lanka, people can enjoy unique experiences on land and sea. “The beauty of this is that you can go anywhere around the island and find pristine beaches, spend time at a fishing village cut-off from civilization, or visit an old church in Jaffna on a God-forgotten beach,” Pringiers says.

He believes this will create livelihoods for people in these isolated pockets around the coast addressing those simple people lives around the coast, which tourists fond of experiencing in remote outskirts lack of hotels. “The children in these places have no opportunities, but make a living fishing or growing rice. Bringing in this type of tourism will create whole new industries,” he justifies.

Pringiers established Ruhuna Sailing Association to teach local fishing community children to sail. Today some of them captain yachts chartered by Sail Lanka. He is very accommodative to allow these young people to set up their own charter companies by donating yachts built in his yard and replicating the success of the whale watching industry.

Exhibit 02 – Eco-Friendly Cruises



Source: Eco Union

Industry Challenges and Yachting Global Industry full of potential

Sri Lanka has the potential to berth as many yachts if it develops infrastructure as In Malaysia, marinas can berth over 1,400 yachts, Thailand over 1,300 and Singapore, with a fifth of Sri Lanka's coastal length, can hold 752.

It's a chicken and egg situation. Without marinas, no yacht will come, and if they do not come, no one is willing to invest millions of dollars in marinas.

Today Sri Lanka Port City has developed its Marina, which is a progressive sign of developing the lacked infrastructure and facilities to accommodate visiting yachts.

The global yacht charter market reported sales totaling \$35 billion in 2014, nearly half of Sri Lanka's GDP, and is forecasted to reach \$71 billion by 2025 as disposable incomes rise, according to Future Market Insights despite the setback suffered due to the COVID-19 pandemic. Less than 5% of this is generated in the Asia Pacific region, so there is ample room for growth.

Discussion Questions

- What is your understanding about value innovation?
- Explain how the Pierre Pringiers used value innovation to successfully implement the marketing strategy.
- Discuss ways and means of upward integration employed by Pierre Pringiers
- How would you advice to an upcoming entrepreneur stressing the areas to reinforce and avoid in an action where upward integration is considered in a business.

Acknowledgment

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Beyond the Boundaries of Insurance Strategies: A case of NCD-related Insurance Policies in Sri Lanka

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Abstract

Globally, the number of people suffering from NCDs is on the rise. NCDs have been recognized as a major cause of concern by the health authorities and professionals in Sri Lanka. Despite the increase in NCDs in Sri Lanka, insurance companies have yet to develop and launch insurance policies that cover NCDs. This case examines the global and Sri Lankan situation of NCDs, the insurance industry in Sri Lanka, and the role of reinsurers in facilitating insurance policies for NCDs in countries like Sri Lanka. The case also compares two insurance policies with NCD cover proposed for insurance companies.

Keywords: Insurance, Non-communicable Disease, Reinsurance

Learning Outcomes

- Discuss the significance of introducing insurance policies that cover NCDs to the Sri Lankan market.
- Discuss the issues that impair the insurance industry's growth in Sri Lanka and propose suggestions to address the problems identified.
- Discuss the factors that hinder the development of an insurance policy that covers NCDs in Sri Lankan insurance companies
- Develop an insurance policy that covers NCDs for an insurance company in Sri Lanka.

Introduction

“NCDs refers to a group of conditions that are not mainly caused by an acute infection, result in long-term health consequences and often create a need for long-term treatment and care” (WHO, 2021). These conditions include many illnesses and situations, and NCDs like Diabetes, Hypertension and high Cholesterol may cause other long-term illnesses. 41 million people die each year worldwide due to NCDs, equivalent to 71% of all deaths globally (WHO, 2021). Prior literature reveals a multitude of factors that have contributed to the increase in NCDs. According to United Nations International Children’s Emergency Fund (UNICEF) (2021) one in five adolescent deaths is caused by NCDs.

To mitigate the financial burdens associated with NCDs, people tend to go for health insurance, although its quite unrealistic in the present context (Wagner & Brath, 2012). The insurance industry in Sri Lanka is not prepared to absorb NCD patients as customers, and very often, customer requests for a health insurance policy that covers NCDs are rejected. Currently, some insurance companies in Sri Lanka are on the verge of introducing health insurance that covers NCDs. Lack of awareness, non-availability of new insurance products and absence of standard operating procedures are some factors that hinder the growth of insurance companies and the industry (Mayosi et al., 2009).

NCDs Situation in Sri Lanka

The STEPS survey conducted by the Ministry of Health, Nutrition and Indigenous Health in collaboration with the World Health Organization (WHO) suggests that “NCDs will potentially emerge as the biggest public health challenge in Sri Lanka due to the high prevalence of NCD risk factors and the already existing gap between prevalence and treatment (2015, P. 59). However, the imminent NCD epidemic could be controlled if greater investments in NCD prevention and services are made through the right policies and public health measures”. The STEPS survey also reveals that “Like many developing countries, Sri Lanka is

undergoing an epidemiological transition with an increasing burden of NCDs. Deaths from Ischemic heart disease and stroke rank high among the top causes of mortality. This kind of NCD burden is likely to be even more problematic in the immediate future, considering the population's high exposure to commonly known risk factors of NCDs such as tobacco use, excessive alcohol consumption, physical inactivity, unhealthy diet, and high salt consumption" (MOH, 2015). More than 90% of Sri Lankan adults were estimated to have at least one of the NCD risk factors (73.5% with 1-2 risk factors, and 18.3% with 3-5 risk factors), with similar prevalence in males and females (MOH, 2015). Moreover, one in five adults in Sri Lanka has Diabetes or Prediabetes, and one-third of diabetic patients are undiagnosed (Kaluarachchi et al., 2020).

Insurance Industry in Sri Lanka

According to the Insurance Regulatory Commission of Sri Lanka (IRCSL), 28 licensed insurance companies in Sri Lanka cover both life and general insurance requirements (2021). "The insurance industry in Sri Lanka is a major component of the economy by virtue of the number of premiums it collected in 2020 of Rs 209 billion, the value of assets on their balance sheets of Rs 796 bn, and, more fundamentally, the essential social and economic role it plays by covering personal and business risks" (KPMG, 2021, P. 4). The Regulation of Insurance Industry Act is the primary legislation governing the insurance industry in Sri Lanka (Blackhall, 2021). Tables 1 and 2 provide insight into the insurance industry indicators in Sri Lanka and their comparison with the Asia Pacific region and OECD countries. The insurance industry indicators for Sri Lanka reveals that the industry is lagging behind the developed and developing economies in the Asia-Pacific region and the OECD economies in the OECD

Table 1 Insurance Industry Indicators for Sri Lanka

No. of Insurance companies	28
No. of Insurance brokers	68
No. of Insurance Agents represented the insurers	43342
No. of Insurance Agents registered with the insurance brokers	509
Gross Written Premium (GWP) Rs. Millions	208,250
Total Assets Rs. Millions	796,791
Penetration as % of GDP	1.39
Insurance Density	9,501

Source: IRCSL, Annual Report 2020.

Table 2 Comparison of Sri Lanka's Insurance Penetration and Density

	Penetration % GDP (2018)			Insurance Density (2020)		
	Non-Life	Life	Total	Non-Life	Life	Total
Sri Lanka	0.62	0.54	1.16	21	24	45
Asia-Pacific	2.23	4.53	6.76	157	259	416
OECD	-	-	8.9	-	-	3489

Role of Reinsurance companies in NCDs

Reinsurance is “insurance for insurance companies” (Swiss Re, 2015, p. 7). Reinsurer provides financial protection to insurance companies. Reinsurers cover risks too large for insurance companies to handle on their own and make it possible for insurers to gain more business than they would otherwise be able to. The insurance industry depends on reinsurance, which is like an invisible hand (Ghaffar et al., 2004). Reinsurers have control over insurance companies to suggest what to do or not.

Our discussion with insurance service providers revealed that reinsurance companies were reluctant to undertake insurance for NCD patients in the South Asian region, including Sri Lanka. The reluctance is due to a lack of awareness among the general public about NCDs, and access to quality healthcare depends on the income level. It has been claimed that a larger part of the population in low and middle-income countries has access to public healthcare facilities, and such facilities are impaired by a lack of doctors and a shortage of medications and equipment (see Yiengprugsawan et al. 2017). Given the above explanation, if a customer in Sri Lanka and England applied for similar policies that cover NCDs, the reinsurance company may charge a higher rate for insurance from Sri Lanka. The reinsurer's rejection rate of policies from countries like Sri Lanka is also high. Reinsurance companies consider the

South Asian region as a downturn market, and they impose high rates. Since the number of people suffering NCDs is increasing, reinsurance companies are developing mechanisms to provide insurance for such customers. Moreover, the advancement of medical diagnostics, new treatment methods and increased awareness among the general public about NCDs are influencing the reinsurance companies to expand their facilities for insurance companies to provide insurance policies for NCD patients.

Survey Findings

A survey was conducted to gather data on the current state of insurance policies for patients with NCDs. Two hundred (200) individuals above 18 years participated in the survey. A summary of the survey findings is given below.

- 9% of the participants were occasional or regular smokers.
- 34.5% of the participants consumed alcohol occasionally or regularly.
- 58% of the participants did not exercise regularly, and 17% did exercises for more than 3 hours per week.
- 56% of participants were over-weighted (BMI – Body Mass Index over 25).
- 30.5% of the participants suffered from one or more NCDs (See Table XX for further information).
- 73.5% of the participants' parents suffered from NCDs (Diabetes / High cholesterol, High blood pressure).
- Most of the occupations of the participants were office-based jobs. They did not have to move their body while they were working.

Age Group	No of Survey Respondents	No of Respondents Suffering from NCDs	
18 – 30	37	02	3.3
31-40	97	19	31.1
41-50	35	19	31.1
51-60	21	12	19.7
60 above	10	09	14.8
Total	200	61	100

Table 1 presents data on survey respondents suffering from NCDs according to age groups. It is evident from the data that respondents in the younger age groups suffering from NCDs are on a high. Respondents in those age groups have stable employment and income. Hence, customers in the above age categories should be targeted to introduce life and health insurance policies that cover NCDs.

Recommendations

Existing life and health insurance products offered by Sri Lankan insurance companies were analyzed to see how such companies and their products could assist patients with NCDs. Our findings revealed that very few products were in the market for NCD patients, all in the introductory stage. The existing vacuum for such products creates opportunities to launch life and health insurance policies supporting NCD patients. Accordingly, the following product proposals are suggested for the insurance service providers.

Proposal 01: Introduce health insurance cover with the no-claim bonus option

Health insurance policy can be obtained by customers suffering from three types of NCDs (Diabetes, High cholesterol, and High Blood Pressure). The cover will be available for ages 18 to 59 and cease at 60. The policy should be obtained with a mandatory life insurance policy. NCD option of the health insurance policy shall be offered as an add-on option to the customers. The insurance policy will be renewed annually based on the customer's health status. The main feature of this insurance policy will be the 'no claim bonus.' The no-claim bonus shall be offered from the second year of the insurance policy. The steps for providing the no-claim bonus are outlined below.

Table 3: Steps for Health Cover with No-Claim Bonus

1. Investigate the medical condition of the customer
2. Finalize the add-ons with the customer
3. Offer the premium based on the add-ons and conditions
4. Finalize the agreement and transaction
5. Renew the insurance policy annually by reviewing the customer's health condition while offering a no-claim bonus based on the non-usage of the insurance policy

A no-claim bonus is a remunerative benefit offered to the policyholder. It is a modest way through which an insurance company could reward the policyholder for having a claim-free year. Accordingly, a monetary benefit shall be provided to the insured if no claims were made for the previous policy year, and this could be accomplished in two ways.

- **Cumulative Bonus:** if there was a claim-free year, the sum insured in the policy is increased by a certain percentage. The premium of the insurance policy will remain the same.
- **Discount on premium:** the insurance policy's premium decreases by a certain percentage for every claim-free year. There won't be changes to the sum insured in the policy. The other benefit of this insurance policy is that the customers can undergo a comprehensive health checkup annually at a discounted rate which the insurance company would arrange in collaboration with the hospitals. If the customer's health condition worsens, the insurance company shall have the right to discontinue the annual coverage. Considering existing rules and regulations, the insurance company will determine the terms and conditions for the newly proposed product and the premium.

Proposal 02: Introduce a life insurance policy with cover for NCDs

The life insurance policy can be obtained by customers suffering from three (03) types of NCDs (Diabetes, High cholesterol, and High blood pressure). The cover will be available for the ages 18 to 60 and will cease at 65. This insurance plan will help the customers to gain access to the best hospitals and medical treatment for the NCDs mentioned. The insurance policy shall offer financial reimbursement up to a pre-specified maximum amount from the total hospitalization bill.

The minimum active insurance policy period to obtain the benefits shall be 3 to 5 years. Benefit amounts payable to policyholders are;

- First Year - A maximum of 50% of the basic sum assured
- Second Year - A maximum of 75% of the basic sum assured
- Third Year onwards - 100% of the basic sum assured

Additional Benefits in the Proposals (options 01 and 02)

- **Health checkup**

- The other benefit of this insurance policy is that the customers can undergo a comprehensive health checkup annually at a discounted rate which the insurance company would arrange in collaboration with the hospitals. If the customer's health condition worsens, the insurance company shall have the right to discontinue the annual coverage. The insurance company will determine the terms and conditions for the newly proposed product and the premium, considering existing rules and regulations

- **Collaboration with Hospitals**

- The insurance companies should collaborate with the hospitals and offer discounted prices for the medical checkups. Standard medical checkup check list/package should be developed by the insurance company with the help of the hospital management.

Discussion Questions

- List the factors contributing to lower insurance penetration and density in Sri Lanka. You may use additional sources to answer the question.
- What impairs the growth of the insurance industry in Sri Lanka?
- Critically review the two insurance policies proposed in the case. Identify the pros and cons of the two policies proposed
- Propose an alternative insurance product that covers NCDs, which significantly departs from the insurance policies proposed in this case study.
- How can the HR department in an insurance company contribute to the launch of new insurance products in the market?
- Briefly explain how the marketing P's should be applied when introducing insurance policies that cover NCDs to the Sri Lankan market.

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Managing High Employee Turnover: Evidence from XYZ company.

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Abstract

This case study investigates the reasons for employee turnover and factors impacting turnover intention among non-executives at XYZ company. Supermarkets in Sri Lanka facing a dilemma due to an increasing staff turnover. However, this has mixed consequences on organization - good and bad effects. While employee turnover injected fresh ideas and capabilities into the organization, it also contributed to difficulty in attracting new workers. To lower the rate of turnover, management should assess the condition of service for workers, job satisfaction, supervisor support, but it has an insignificant relationship with salary and other benefits and organizational culture as well as retention strategies.

Keywords: Employee turnover, Factors impact, retention strategies

Learning Outcomes

By the end of this case, students should be able to:

- determine the causes of employee turnover in an organization.
- assess the effects of employee turnover on an organization.
- theories relate to employee turnover
- discuss strategies for reducing turnover and employee dissatisfaction

The Case

Group Human Resource Manager of XYZ (Pvt) Ltd is experiencing many challenges inside her scope, kind of contrary to common assumption. She says; “I’m getting so many complaints from the customers continuously regarding the experiences they are having with our supermarkets due to poor performances and also I have to attend and essentially monitor interviews for hiring new employees most of the days HR department definitely have to bear a high cost for allocated particularly special team, advertisements, recruitment drives, and training facilities in a pretty major way”. Apart from that I must attend to all company-related and personnel-related concerns as well in a particularly substantial way. Hence it is challenging to focus on management meetings and day-to-day strategic decisions in a suitable approach. Due to employee turnover, the Group HR Manager of XYZ primarily has identified these problems as her most critical areas in a generally substantial way.

The Company

XYZ is a Sri Lankan corporate listed in Colombo Stock Exchange having business interests in Retail, FMCG and Restaurant sectors. XYZ is a member of larger XYZ Group and runs the leading modern retail chain in Sri Lanka operating a huge number of stores across the island under the XYZ brand.

Factors affecting employee turnover intention among employees,

Due to the continuous inconveniences faced by the group HR manager, was eagerly finding the causes behind this problem. During the random review, one of employee shared his experience. During the random review, one of employee shared his experience. As he said, “Most of the days I work here from 8.00 in the morning to 11.00 in the night, that’s how I make ends meet” “I try to do 130 to 150 hours of overtime each month”. That is virtually spending his life -- except his sleeping hours -- at the supermarket. “This is good, we work hard, and we earn more, that is how it should be isn’t it?”.

As a competitive firm in the FMCG market XYZ has to build new shops covering several regions of Sri Lanka. Hence, they were confronting a major scarcity of staff for their new shops as well as current locations. Therefore, the remaining employees had too much work on their plate and were frustrated with the task, and they started seeking another employer.

Many of the workers stationed around the island at supermarkets paid just above the minimum wage; they are given a basic salary ranging from Rs.12,900 (recruited as trainees and an increment of Rs.1,000 upon confirmation) to 17,500 (upper limit). The rest of the pay packet depends on the hours they put in as “overtime”. Although the non-executive level employees work hard on their responsibility, they are paid less than they deserve. This lack of sufficient pay might have detrimental implications on staff morale.

XYZ may feel that they can't spend more money on employee wages but giving employees what they deserve will help them feel valued and will raise employee morale. The poor staff morale will ultimately create a high employee turnover rate.

During a casual conversation with a member of the Management Committee , we brought this up. First there was the denial. “No that's nonsense, have you looked at the benefits they get?” We replied in the affirmative and broke it down to the numbers. Then we were told that “This was the industry standard”. “This is how labour markets operate, we can move into automation.

It's a free market and these people come here because they get their benefits”. Recognition is crucial to employees; it helps them feel as though their labour isn't under-appreciated. In other words, employee turnover rates are lower when companies strive to give credit where it's due.

It's up to the management of XYZ organisation to establish a work atmosphere that not only helps people grow inside the company but also offers them credit for what they have done through their hard work. Managers of the outlet need to look at the job responsibilities and productivity of each employee.

If the employees feel like there is no place for them to progress inside the organisation, then they are likely to seek employment elsewhere. As a corporation, it may be tough to offer everyone an equal chance for progress, but if the management is unable to provide career paths for the employees it will create a high employee turnover rate ultimately.

Figure 1. An unhappy employee



Negative effects

Replacing personnel is an expensive operation for XYZ. This covers expenditures like recruiting, hiring, training and waiting for new staff to get up to full production. Therefore, minimal staff turnover is highly significant to save a large amount of money for the organisation

The limited number of employees or inexperienced personnel without finishing training promotes poorer production and sub-par quality of product or service. In XYZ there should be a high number of experienced non-executive workers to carry out everyday operations especially in seasons and rush hours. Short personnel may also absorb the pressure of a higher task, creating stress and loss in quality at the price of productivity or vice versa. A high turnover rate might result in low staff morale. In XYZ majority of the non-executive workers need to have some level of experience to obtain their position. This will result in low workplace morale for both existing and future employees. And when employees are departing XYZ other personnel also feel disheartened and may become more likely to quit themselves. High personnel turnover demonstrates the issue with the XYZ culture or the working climate for the employees. This will lead to a negative impact for the XYZ Company as they fail to develop employee loyalty. This will too reflect the bad quality of the firm to the outside. Regular consumers of XYZ are expecting individualised attention even from lower-level staff such as store assistants, security guards. Therefore, the significant personnel turnover will lead to diminishing client satisfaction in an overall view. The bulk of non-executive staff is involved in the supply chain management of the organisation. The significant personnel turnover can be triggered to affect the aforesaid system in several ways.

What are the positive results....

Sometimes there are employees who have bad attitudes towards the organisation and try to instill the same in others' heads as well. Allowing them to depart the XYZ will avoid making unpleasant decisions.

And some workers are paid highly but didn't necessarily contribute worthy of their compensation, the management has the option of replacing them with new recruits at a lower price to cut the cost as well. XYZ enhances the company's employee diversity by substituting male or female personnel to the workforce proportionately. Depending on the personality and level of the present personnel, the corporation may have to initially conduct some diversity training to make the transition as seamless as possible for all parties. And XYZ can promote current personnel to fill the resigned employee job to motivate the existing staff for improved performance.

HR Manager`s Retention Strategies

The organisation wants to acknowledge the need and desire for employees to feel valued. Employees want to work in a setting where they may be productive and have their efforts appreciated. An effective Human Resource capacity planning system identifies the skill gap and assists companies in identifying and recruiting the best employees ahead of time. It gives perfect insight into the resource and demand gap, allowing you to take the appropriate steps to avoid resource shortages or excesses. Managers can be forewarned and use proactive resourcing solutions including training, hiring, modifying timetables, actively marketing spare capacity, and so on to close the gap.

The company's dedication is exhibited through providing training and development programs. Managers can use an Individual Development Plan (IDP) to assist employees in achieving short and long-term career goals along with improving present job performance. Training promotes self-development and allows resources to contribute more effectively. Managers can keep a check and assess an employee's major strengths and weaknesses depending on how they complete duties.

When employees believe their goals and objectives are being met, they are more likely to stay with the company for a longer period of time. Work-life balance is an important component of job happiness. Flexi-work hours may be a luxury for some companies but adjusting the hours and arranging response times allows employees to focus better and increases productivity. Flexible work schedules have been found in studies to improve employee well-being. Maintaining employee morale is critical to ensuring that they are motivated to work hard for the organisation.

When deciding on remuneration for company employees, it's a smart option to perform salary market research. Investigate the salaries of competitors' staff and salary range based on similar jobs that is a competitive sector. Employees need to work for a common goal and be aware of their progress. Goal setting allows workers across the company to make decisions based on long- and short-term objectives. This practice of connecting the company's goals with the tasks of employees assists in the achievement of measurable results. Employees are also aware of how their work contributes to the organisation's achievement of its goals. The company's mission or vision should be inspiring to all personnel. Because if company employees don't have a clear aim, they'll become disengaged at work, eventually leading to an unexpected turnover.

EXHIBIT

Exhibit 1: Employee count ,Number of Locations, Revenue and profit

Year	Permanent employees	New Recruits	Number of Locations	Revenue	Profit	Group Rev%	Group Profit %
2021	9875	3791	457	112,607,061	7,308,290	4.90%	3%
2020	10522	3725	411	107,051,866	7,060,621	11.57%	34%
2019	8932	5768	380	94,662,991	4,682,326	3.70%	-33%
2018	9158	420	353	91,293,127	6,262,937	8%	23%
2017	8730	230	335	84,190,870	5,091,120	18.60%	47%

Exhibit 5 :Human Capital



Discussion Questions

1. As you understand, what role does reward systems play in employee turnover?
2. From your point of view, which one is the strongest cause of high undesirable turnover in "XYZ company"?
3. If you were the manager, what strategy would you implement in order to reduce high turnover in "XYZ company"?

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