MEASUREMENT AND REPORTING OF HUMAN CAPITAL IN SELECTED SRI LANKAN IT ORGANIZATIONS

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Abstract

Recent studies confirm that intellectual capital is now instrumental in determining both the value of individual firms and national economic performance. This is confirmed by various industry analyses, research projects and media reports that identify human capital as a significant driver of value and a catalyst for change in corporate cultures and structures of governance. The aims of this research were to investigate the uniqueness and value of the IT employees within the Sri Lankan IT sector, the Human Capital Capability (HCC) management practices adopted by the Sri Lankan IT organizations, whether HCC management practices vary according to the value and uniqueness of the IT employees, and finally the state of human capital reporting adopted by the IT organizations.

The research was conducted using three survey questionnaires sent out via email (one for IT executives, one for Management and a separate questionnaire for the firm as a whole) and the data gathered is analysed with the focus on the importance of He Value and the He Uniqueness across four different employment arrangements (knowledge-based, employment, job-based employment, contract work, and alliance/partnership). The data collected reflects on five areas of a particular job: Job Design, recruitment and selection, Training and development, Performance appraisal, Compensation and Rewarding.

Results from 92 executives, 8 managers and 8 firms are analysed out of which the conclusion derived was that the He Value of IT executives differ across their employee arrangement while He Uniqueness does not show a significant difference across the Employee Arrangements or across the Job Categories. The level of measuring Human Capital across the selected IT firms in Sri Lanka is reasonably on the same level as those in other countries.

The results also let to conclude that when designing jobs for an organization specific and unique position, job security, job empowerment, cross functional teams and task
definitions need to be clearly emphasised. Furthermore when setting up a compensation plan and performance appraisals for these positions, factors such as paying a premium on the employee’s industry experience and a straight salary over hourly payments should also be taken into consideration.

Most of the IT firms keep separate records by gender, training, absenteeism, staff turnover rate and productivity etc., merely not for Human Resource Accounting purpose but which can also be utilized for human resource recording purpose as well. It can be concluded that if HRA is legalized in Sri Lanka, the IT firms will adopt it without too much hassle.