

Improving Employees Retention to Ensure Sustainability

By

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LIST OF ABBREVIATIONS

CEO	Chief Executive Officer
CLV	Customer Lifetime Value)
E & E	Electrical and Electronics
FIZ	Free Industrial Zone
GSB	Graduate School of Business
HR	Human Resource
IT	Information Technology
MIDA	Malaysian Investment Development Authority
QA	Quality Assurance
R & D	Research and Development
SWOT	Strength, Weakness, Opportunity, Threat
USM	Universiti Sains Malaysia

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ABSTRACT

Attrition is defined as a gradual reduction in the number of workforce through retirement, resignation or death. In other words, it can also be said as employee turnover. This management project was based on rising attrition issue faced by a new company in Penang semiconductor outsourcing industry, called STU Global. Even though just operated in Malaysia in less than three years, rising attrition is considered challenging and need to be solved. The impact of rising attrition has received considerable attention by management and human resource professionals. It has been proven to cost more the organization and impacting the business and long term plan of the organization. The objective of this project paper is to identify the root cause of attrition in this outsourcing company, analyze the level of employees motivation, satisfaction and involvement, and to come out with several recommendations, which is valuable for the organization in retaining their employees for a long term and ensure its sustainability in Malaysia. Recommendations suggested are based on Human Resource perspective with regards to attrition issue by improving their employee retention strategies.

ABSTRAK

“Attrition” bermaksud pengurangan jumlah pekerja di dalam sesebuah syarikat apabila pekerja itu bersara, berhenti kerja atau kematian. Dalam ertikata lain, “attrition” adalah keadaan apabila pekerja berhenti daripada sesebuah syarikat yang boleh disebabkan oleh pelbagai faktor. Projek ini adalah berdasarkan masalah yang dihadapi oleh bahagian sumber pengurusan tenaga kerja, berdasarkan kenaikan mendadak jumlah pekerja yang berhenti dalam sebuah syarikat sumber manusia yang baru sahaja memulakan operasi di dalam Pulau Pinang semikonduktor industri, iaitu STU Global. Walaupun baru sahaja beroperasi di dalam Malaysia kurang daripada tiga tahun, perkara ini adalah penting dan perlu diatasi dengan segera. Kesan pekerja yang berhenti secara mendadak telah mendapat perhatian daripada pihak pentadbiran dan sumber pengurusan tenaga kerja. Masalah ini bukan sahaja menambah kos operasi syarikat malah mengganggu kelancaran perniagaan. Objektif projek ini adalah untuk mengenal pasti punca sebenar yang menyebabkan pekerja berhenti di dalam syarikat ini, menganalisa tahap motivasi pekerja, kepuasan bekerja dan penglibatan pekerja dan seterusnya untuk mencadangkan beberapa cadangan yang akan membantu syarikat ini untuk menarik pekerja berkerja lebih lama tanpa berhenti seterusnya memastikan kenaikan prestasi dan kestabilan operasi di Malaysia. Cadangan penyelesaian yang dicadangkan adalah berdasarkan perspektif bahagian pengurusan sumber manusia untuk mengatasi masalah kenaikan bilangan pekerja yang berhenti dan memperbaiki strategi sumber pegurusan manusia dalam mengekalkan para pekerja.

EXECUTIVE SUMMARY

STU Global is a multinational provider of services and solutions headquartered in United States. Started its operation in Penang in year 2012, STU Global has built its operation as a new player in Penang outsourcing industry. By providing Engineering and IT outsourcing services to R&D Department, STU Global aims to be the best company in the world and be the most reputable and valuable IT and Engineering Services Company in the region.

For a new company that started their operation in Malaysia for less than three years, STU Global needs to take actions to solve the rising attrition issue shown in Figure 1. This case study aims to look at the rising employee attrition rate trend faced by STU Global Penang. With the increasing attrition rate, cost are increasing, productivity are decreasing and the objective of outsourcing services to help clients in outsourcing their non-core business process will be affected. If client are not satisfied with the outsourcing services provided, Malaysia business operation will be affected.

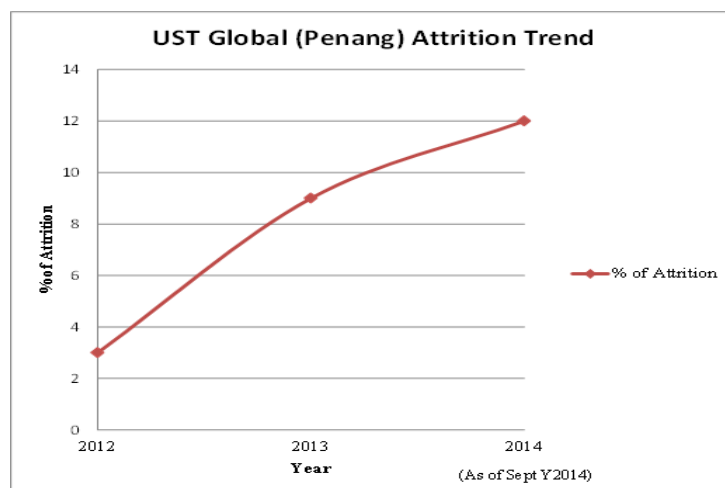


Figure 1 STU Global Attrition Trend in Penang
(Source: STU Global)

There are many reasons that can cause to rising attrition rate. Historical data were observed to see the rising trend as well as an exit interview data has helped to further understand the root cause of the issue. Together with current employee satisfaction survey, interviews and relevant documents reviewed helps to provide insight on reducing the attrition rate and improves employee retention strategy.

In this case study, there are two analysis tools has been deployed to have a better understanding of the issue which are Cause and Effect Analysis and SWOT Analysis. Cause and Effect Analysis helps to identify the root cause of the issue and SWOT Analysis helps to analyze the internal and external environment of STU Global in order to ensure its sustainability in Malaysia. There are six main factors identified which are poor management, poor process in hiring and interview, poor orientation program, unclear career prospect and ignorance on policy.

There are three strategies are proposed for recommendation based on Human Resource perspective. First strategy is to improve the management effectiveness. There are three actions recommended such as to provide adequate management training to the managers, continuously evaluate and monitor people management and which are to train the managers which are Indian expatriates from STU Global campus about cross cultural differences.

Second strategy is to improve Human Resource department practice in STU Global Penang. There are six actions recommended which are being selective and transparent in hiring, conduct a proper orientation, have a regular job satisfaction survey and evaluation, develop a proper training and career development plan,

increase employee engagement activities and sixth is to create an open communication between employee and HR, employee and managers.

The third strategy is STU Global need to abide by laws and regulations in Malaysia. Under this strategy, recommended action is to quickly revise employee's leave policy and make sure it is following Malaysia's labor laws. Failure to do so will cause many negative consequences and impacts STU Global reputation.

1.0 INTRODUCTION

Based on dictionary.com, attrition is a gradual reduction in work force without firing of personnel, as when an employee resigns or retires and not replaced. Attrition in human resources refers to the gradual loss of employees over time such as through retirement, resignation or death. Dr. Paul Carr and Dr. Michael Hartsfield in their article “Attrition as an HR Challenge” (Carr Paul & Hartsfield Michael, 2008) stated that Attrition can be conceptualized in many forms but the two prominent forms of attrition are: attrition due to employees leaving an organization and employees retiring from an organization.

STU Global is a global company offering services and solutions headquartered in US and global campus in India. STU Global has just started its operation in Malaysia by tapping into Penang semiconductor /or Electrical and Electronics (E&E) industries. STU Global caters the issue of hiring in Penang E&E sector by providing employees as an engineer or IT personnel to be outsourced to the Research and Development (R&D) Department. On the other hand, STU Global is facing rising employee attrition trend and voluntarily type of turnover. High attrition are causing company cost increases as well as impacting the quality of outsourcing services delivered as STU Global need to combats with the amount of disruption caused by unplanned exits.

In today’s competitive business world, it is important for STU Global to manage the employee’s turnover successfully as well as improving their outsourcing service quality and productivity due to increasing competition to retain the present clients and attract more clients who would outsource. This case study is about improving

employee's retention to ensure sustainability of an outsourcing company called STU Global.

1.1 Case Scene

It was a fine breezy morning somewhere in June 2014 and Mr. Manu, STU Global Regional Human Resource in Penang was headed for an urgent meeting with one of STU Global main client in Bayan Lepas Free Industrial Zone. As Mr. Manu arrived, he saw the client faces was very angry and he felt so nervous.

Client: (Shouting) "This is not the first time! We have paid the money!!"

Mr. Manu: "No worries sir. We will provide new employee as soon as possible."

Client: "Same excuse all over again. The project is running, I don't want to hear same excuses. Make sure you will replace with a good and skillful worker, not just for the sake of just replacing the employee".

Mr. Manu: "Noted sir. We will. Don't worry. On behalf of STU Global, I'm so sorry for the entire kiosk".

After the meeting, Mr. Manu headed back to the STU Global office in Mayang Mall, Bayan Baru. He has a lot of things in his mind. Opening his laptop, he was surprised to see resignation email from one of STU employee that works for another client. In his heart he felt there should be something wrong. But the puzzle still not yet solved. What has gone wrong?

Shortly after that, Mr. Manu went for meeting with Mr. Ammer, STU Global Regional Manager in Penang to report on meeting summary with the client. They are going to discuss on the rising employee attrition issues that are faced by the company. Below is the excerpt of the meeting:

Mr. Ammer: "Hello. How was the meeting with our main client just now?"

Mr. Manu: "Not so good. The client was angry and complaint about our talents that keep on leaving. They claim we do not provide a good service as we are unable to retain the employees especially when the project is still on going."

Mr. Ammer: "This is critical and serious issue. Even though we are expanding, the attrition trend is up. It is pointless to keep on hiring but the existing one leaves."

Mr. Manu: "Just now I received another resign letter from our STU employee. Another resignation in a month. We have total of six people resign for the past quarter. How could this happen??!!"

Mr. Ammer: "Seriously??!! Manu, can you please look onto this matter. We have started in Penang since early of year 2012. Our business is growing but if we keep on losing the talents, and the clients keep on complaining, how can we ensure the reputation of our company. Will it able to sustain??"

Mr. Manu: "I will go through this. Let me understand the real cause of this issue."

Mr. Ammer: "Can you please narrow down to know which client company that

contributes to high attrition rate? After having the data, just focus on the highest one first? Let's understand one by one."

Mr. Manu: "Good idea! Sure. I will get back to you after this."

Mr. Manu goes back to his cubicle and look at the data. He needs to understand this issue and feel determined to help STU Global employee attrition issues. How can he decrease the rate further within the next coming years? When an employee leaves, he or she will take away with him or her all company information such as ongoing projects. Productivity and efficiency of work is hampered to a large extent.

This problem will become a case study under Human Resource Department to solve the employee attrition issue by improving employee retention and ensure the sustainability of STU Global in Penang. From the Human Resource perspective with regards to attrition issue, this case study intends to answer the following research questions:

1. What is the root cause of rising attrition rate?
2. How to reduce the attrition rate and improves employee retention?
3. What are STU Global strengths, weaknesses, opportunities and threats in this competitive environment?

2.0 INDUSTRY BACKGROUND

2.1 Outsourcing Industry Scenario

Grossman and Helpman's (2005) statement, "We live in an age of outsourcing," clearly designates the outsourcing has now become an acknowledged, accepted and established business strategy. Outsourcing the non-core processes in order to concentrate on the core ones is how the companies prefer to work now (Srivastava, Tiwari, & Kumar, 2011). Outsourcing can be defined as hiring an outside company to perform a task that would otherwise be performed internally by a company or an organization. Outsourcing initiatives are keys to firm efforts on core competencies alter engrained practices and attain significant cost reductions in non-core processes (Frits & Holweg, 2012).

Companies outsource their business activities based on various reasons. The big picture answer is to create or maintain a competitive edge (Kathawala, Zhang, & Shao, 2005). Companies hire outsourced service providers because they prefer to focus on their core competencies while sending more routine tasks outside for the outsourced service provider to perform. The decision to outsource is often made to lower the firm costs, redirecting or conserving energy directed at the competencies of a particular business, or to efficiently use technology, resources, worldwide labor and capital.

Outsourcing is not a one-time event, it is continuous as for companies that outsource one process later will outsource another, then another – as their strategies changes,

more and new opportunities are opens up. Outsourcing offers great budget flexibility to meet changing business and commercial conditions. Hiring outsourcing services will help to provide the necessary skills needed to meet the demand and workload, as company can hire worker based on demand or project, thus helping the company to lower down costs and/ or streamline the workflow. As the organizations only pay when they need the outsourcing service, it reduces the need to hire and train specialized staff, bring in fresh engineering expertise and reduces capital and operating expenses.

2.2 Outsourcing Industry in Penang

Malaysia has gradually reduced its dependence on agriculture sector and now Malaysia's economy is largely driven by the service sector. Outsourcing is one of the emerging sectors in Malaysia, and expected to grow at a rapid pace. Outsourcing Malaysia Chairman David Wong said during Asia Pacific Outsourcing Summit 2013 held in Nusajaya, that the number of employees in Malaysia's outsourcing industry is expected to grow from 45,000 currently to 85,000 by 2017 (Ganapathy , 2013).

Based on Malay Mail online, Penang is tapping into the rapidly growing outsourcing sector with an aim to create 4000 high income jobs within the next three years. Invest Penang director Datuk Lee Kah Choon said Penang has over 26 companies providing more than 7,000 high income jobs to locals and hoping to increase by 60 per cent in the next three years. Bayan Baru will be turn into an international outsourcing hub and attract more shared services and outsourcing companies which will create more high-income jobs for locals (Mok, 2014).

Most of manufacturers, for example in Penang semiconductor industry are faced with typical engineering challenges of reducing budgets and pressure in faster, better and cheaper product development. The cycle peak is uncertain and lots of skills such as technical and non-technical skills are needed during the product development stage. To meet the constant changing demands of the product development cycle, organizations are often required to manage uneven staffing needs. Outsourcing services will help industries to meet uneven staffing needs.

Engineering Service Outsourcing has emerged as one of major outsourcing initiatives in the last decade among the engineering and manufacturing organizations (Taormina, 2011). Bayan Lepas Free Industrial Zone (FIZ) is a high-tech industrial zone on the southern part of Penang Island. Together and along with the Perai Industrial Estate, it is instrumental in propelling Penang to become the third largest economy in Malaysia after Selangor and Johor, and reducing the state's reliance on tourism as the main income earner.

2.3 Malaysia Outsourcing Industry Challenges

Unlike mature player in outsourcing industry like India, Malaysia does not have opportunity to scale up easily. Based on Strategic Innovation Corporation online article, according to some economic analysts, the total number of employees in the outsourcing industry of Malaysia is at par with the new hires in competitor countries such as India. This means India has been providing more companies with the number of employees they need to sustain their business. Another challenge is that the cost of hiring an employee is 15% to 20% higher than in India making investment more costly in Malaysia.

Malaysia needs to immediately move away from entry-level outsourcing. Largest Malaysian outsourcing company only manages to employ 5,000 people as compared to more than 100,000 employees in some larger firms in India and China. This illustrates the average size of outsourcing centers in Malaysia, which limits the capability on volume-driven type of outsourcing (Ganapathy , 2013).

2.4 Malaysia Future Outsourcing Industry

In future, the outsourcing industry will be more matured where service providers and clients are aiming to establish a long term relationship in business. Clients will find the right outsourcing partner who can support investment in technology, methodology and resources. Outsourcing will transform from service provider-client model to a partnership model that brings in industry expertise, process excellence, and strong delivery capability which leads to organization's overall growth.

Trend in outsourcing will continue to change and the ability of any outsourcing company to respond quickly to market changes and keep in pace with it determines success of any business. Future key determinants of Malaysian outsourcing progress is conditional depends on variety of factors with respect to investment strategies, developmental plans and government initiatives. Even its current small scale, there is clearly a growth opportunity for Malaysia. In order for this to happen, Malaysian outsourcing industry needs to be active in executing its action plan for future growth.

3.0 COMPANY BACKGROUND

3.1 STU Global Background

STU Global is a leading provider of end-to-end IT services and solutions for Global 1000 companies in 14 different countries (STUGlobal, 2014). The company was founded in Laguna Hills, California in 1998 by Steve Ross and headquartered in Aliso Viejo, California. STU Global Chief Executive Officer is from India and at present STU Global has more than 6000 employees, many of them based in India, which is where STU Global campus located in Trivandrum, Kochi, Chennai, Bangalore and Gurgaon.

STU Global has various offices around the globe such as in United States, United Kingdom, Mexico, India, Malaysia, Philippines, Singapore and Mexico. STU Global offers services and solutions to the client such as consulting services, technology build services, application managed services, infrastructure managed services, QA and testing services, business intelligence, data management and outsourcing services.

In every business engagement, STU Global seeks opportunity to build a long-lasting and strategic relationship. STU Global work collaboratively with the clients and establishes partnerships. STU Global has its client-centric Global Engagement Model that ensures how STU Global serves their client, such as client intimacy by spending time with client to understand and address the specific needs and work.

3.2 STU Global Vision and Mission

STU Global vision is to be the best service company in the world. This vision is achieved based on STU Global approach by investing in relationships and aim to have a long-term strategic partner with the clients. Whereas, STU Global mission is setting new standard in global sourcing and delivery, and transforming life through active participation and environmental causes.

3.3 STU Global Values and Culture

STU Global is an organization built on a solid foundation of values and culture. This value sets STU Global apart from the competitor and help STU Global to transform the lives that they touched. Across STU Global location worldwide, there are three values embraced in the heart and minds of every employee as in Figure 2.



Figure 2 STU Global Core Values
(Source: STU Global website)

Humility means STU Global listens, learn, and help selflessly in their interactions with others. Humanity means through business, STU Global foster a strong sense of corporate responsibility. Integrity means STU Global honor commitments and act with responsibility in all relationship.

STU Global culture has been developed from these three core values, which inspires behavior, relation, business decisions and every decision taken. The culture celebrates achievement and teamwork and promotes STU Global way of life which includes passion, harmony, flexibility, learning, fun, openness, compassion, fearlessness and excellence.

STU Global believes with its values and culture, client can get benefits as well. For instance, client can have open dialogue for all issues, ease in doing business, enabling client's success, innovation and ideas for client business and partner with STU Global beyond the business.

3.4 STU Global Business

STU Global delivers business value through a combination of process excellence, quality frameworks, and service delivery innovation. STU Global develops and delivers services to the target in response from specific requests from clients and account teams. In line with customer-centric strategy and the reality of fewer clients, more attention, STU Global services offered are 360 degrees and planned to be those that generate recurring work within each client. 360 degrees service offering is shown in Figure 3.

Global Service Offering

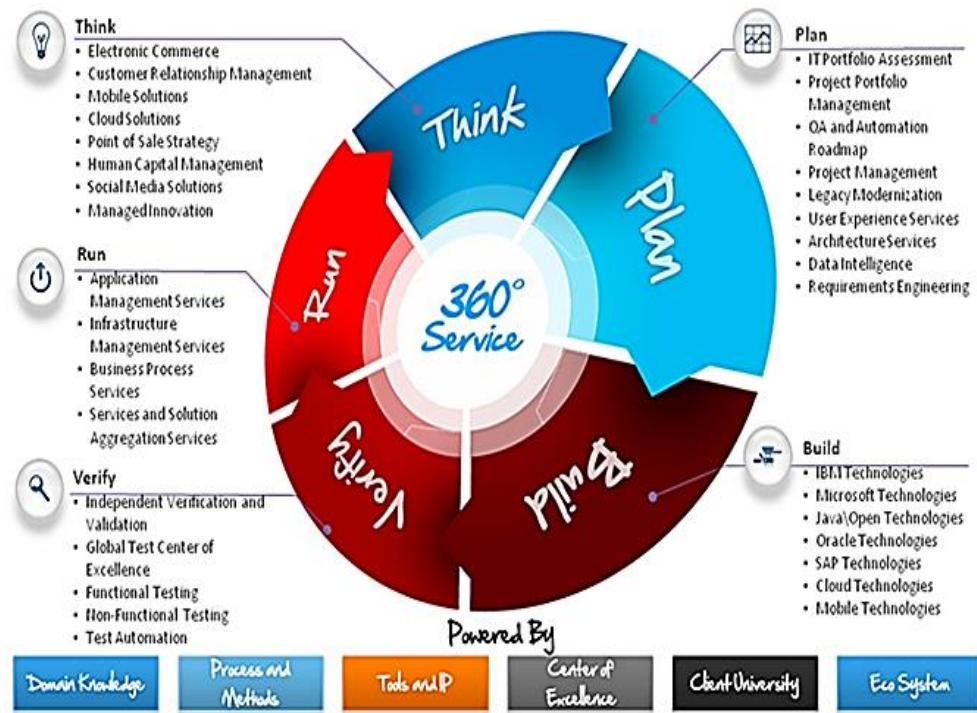


Figure 3 STU Global 360 degrees services
(Source: STU Global website)

STU Global has a global and matured engagement model, which provides a flexible operational environment that empowers clients with the right level of control. STU Global will access every engagement with in-project evaluation, client satisfaction surveys, and repeat client interview. The company believes that the success of each of STU Global engagement is measured by client success, and continuous monitoring needed throughout the engagement.

3.5 STU Global Business in Penang, Malaysia

STU Global has been choosing Penang to set their services in Malaysia. Based on Mr. Manu', *"We believe in setting up Tier II cities, and hence chose Penang over*

Kuala Lumpur.” Classification of Tier is based on Indian classification of its cities in terms of business, real estates and commercialization. For Indian, there are Tier I, Tier II and Tier III cities. Tier I city is highly commercialized metropolis like Kuala Lumpur and STU Global think Penang as Tier II city which is an alternative for investment in smaller cities rather to invest in Kuala Lumpur, Tier I cities that inundate with investment and services.

Based on Malaysian Investment Development Authority, Penang state registered the highest level of investments amounting to RM9.1 million, in year 2011 investment in approved projects by location as in Figure 4. Investments were mainly in the Electrical and Electronics. Concentration of projects in Penang state was mainly contributed by the presence of a more developed infrastructure coupled with the availability of well-established engineering supporting industries (MIDA, 2012).

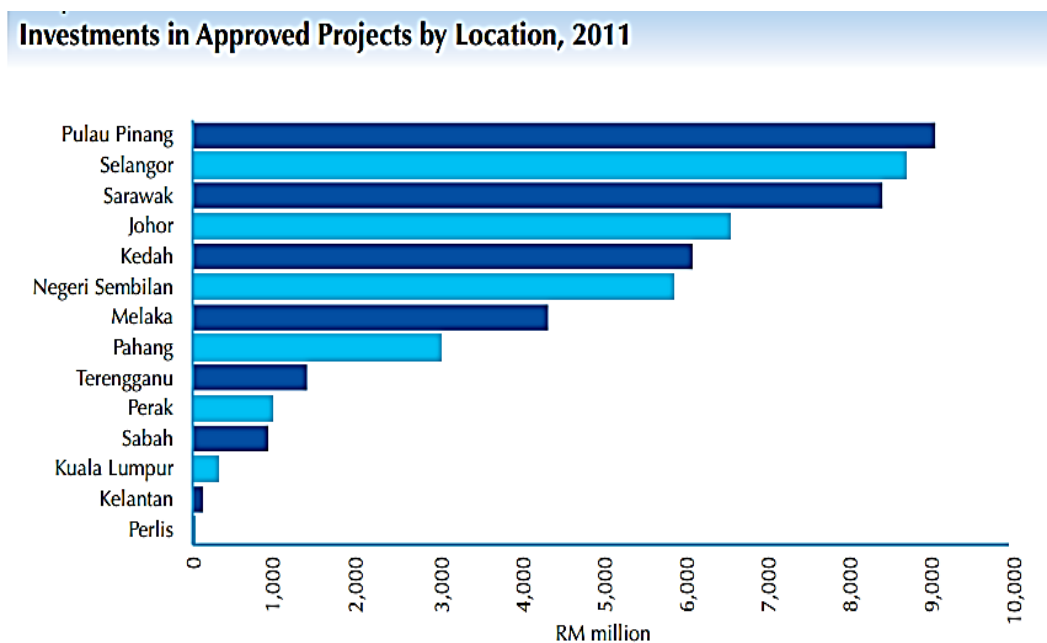


Figure 4 Investments by States in Malaysia
(Source: (MIDA, 2012))

Realizing the potentials that Penang has, STU Global has set their first office in Malaysia which is located in Bayan Baru, in early year 2012. Services and Solutions offered by UST Global, Penang branch is in outsourcing services which means STU will send their employees to Penang Electrical & Electronics (E&E) industry. STU Global aims to penetrate the outsourcing market in Penang and chose Electrical & Electronics (E&E) industry as their strategy to start up their operation.

The Electrical & Electronics (E&E) industry is one of the leading industries, contributing 24.5 per cent to the manufacturing sector in the Malaysia's Gross Domestic Product (GDP). E&E products have been the largest traded items for Malaysia for several decades since the industry inception in the 1960s. The industry evolution until today has turned Malaysia as one of the leading points in the global E&E value chain (Matrade, 2011). E&E industry contributes the most capital investment in Penang economy compared to the other manufacturing sector, as in Figure 5 below.

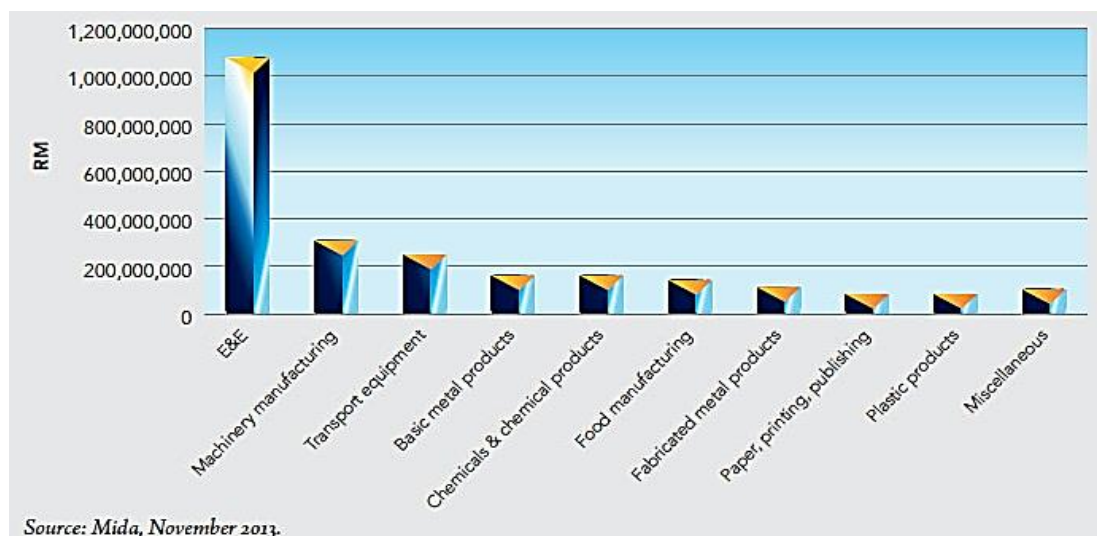


Figure 5 Capital Investment (RM) in Penang's Manufacturing Sector (Source: MIDA)

Based on interview with STU Global Regional Manager, Mr. Ammer when asked about STU Global Penang in future, “*UST Global aims to grow to more than two thousand (2000) People Company by 2018 and aim to be the most reputed and valued IT and Engineering Services Company in the region*”.

STU Global is offering IT and Engineering Outsourcing Services to the clients in Penang semiconductor industry, mainly in Research and Development areas where the job nature of outsourcing as IT and Engineer is nearly same. Both outsourced Engineer and IT in Research and Development areas will be involved in programming and hardware, as they play important roles to shorten the design process during the development of semiconductor product cycle. Figure 6 is as an example of outsourcing job between client and STU Global in a project. Green color is showing contribution of STU Global in a project.

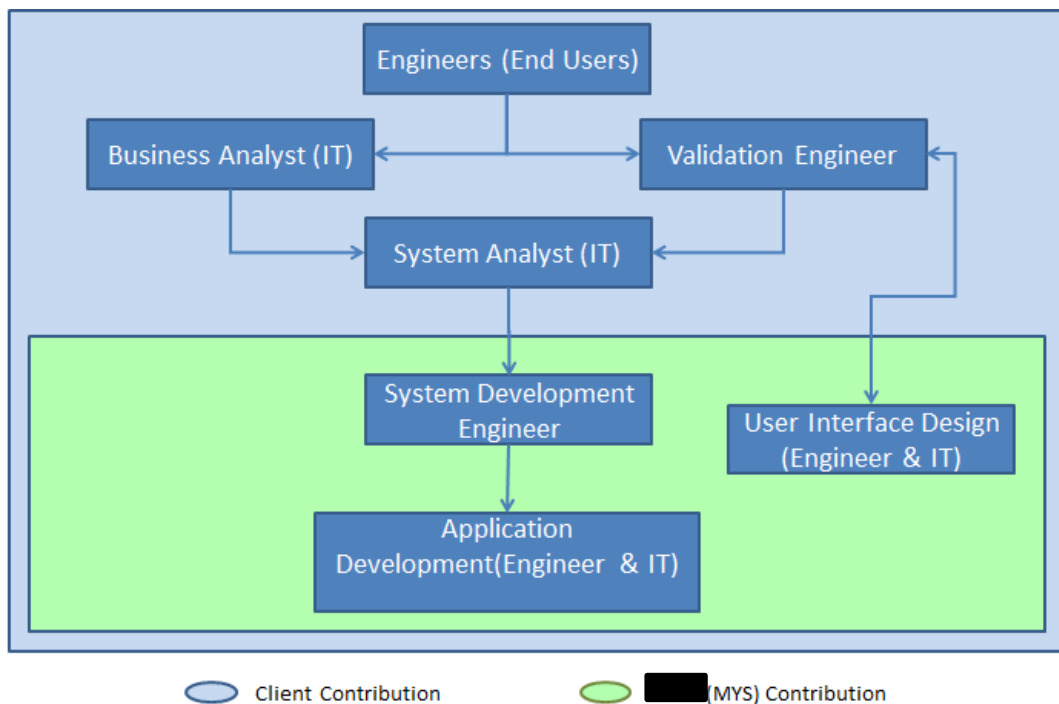


Figure 6 Client and STU Global Contribution in a Project
 (Source: STU Global)

Depends on project and requirement, each client will demand or request manpower from STU Global to cater uneven staffing needs so the client can stay focus on their core business. Hence, STU Global will send some employees to client A, some employees will be sent to client B, and some employees will be sent to client C and so on. STU Global ensures that the candidates they outsourced to client's companies are highly skilled and qualified candidates. The happier and satisfied the clients are, the higher numbers of manpower needed to supply the client needs, and thus the higher profit will STU Global gain.

Even though the employees are sent to the client company, their parents company is still STU Global. STU Global is the one that will credit the salary and take care of the employee welfare, concern or issues as well as training and development. STU Global is responsible to make continuous improvements in order to develop skillful and qualified talents that can reach to their potential.

3.6 STU Global Leadership Team

Figure 7 shows STU Global leadership team. Chief Executive Officer (CEO) of STU Global is the one that overseen overall STU Global business operation and provides strategic direction by monitoring the business performance, planning and resources. Under CEO, there are five teams which are executive management, business leadership team, corporate leadership team, technology strategic advisory board and strategic advisory board. Each team has different function and Global Head of Human Resources will be responsible for each Regional Manager across all STU Global location worldwide in outsourcing services.

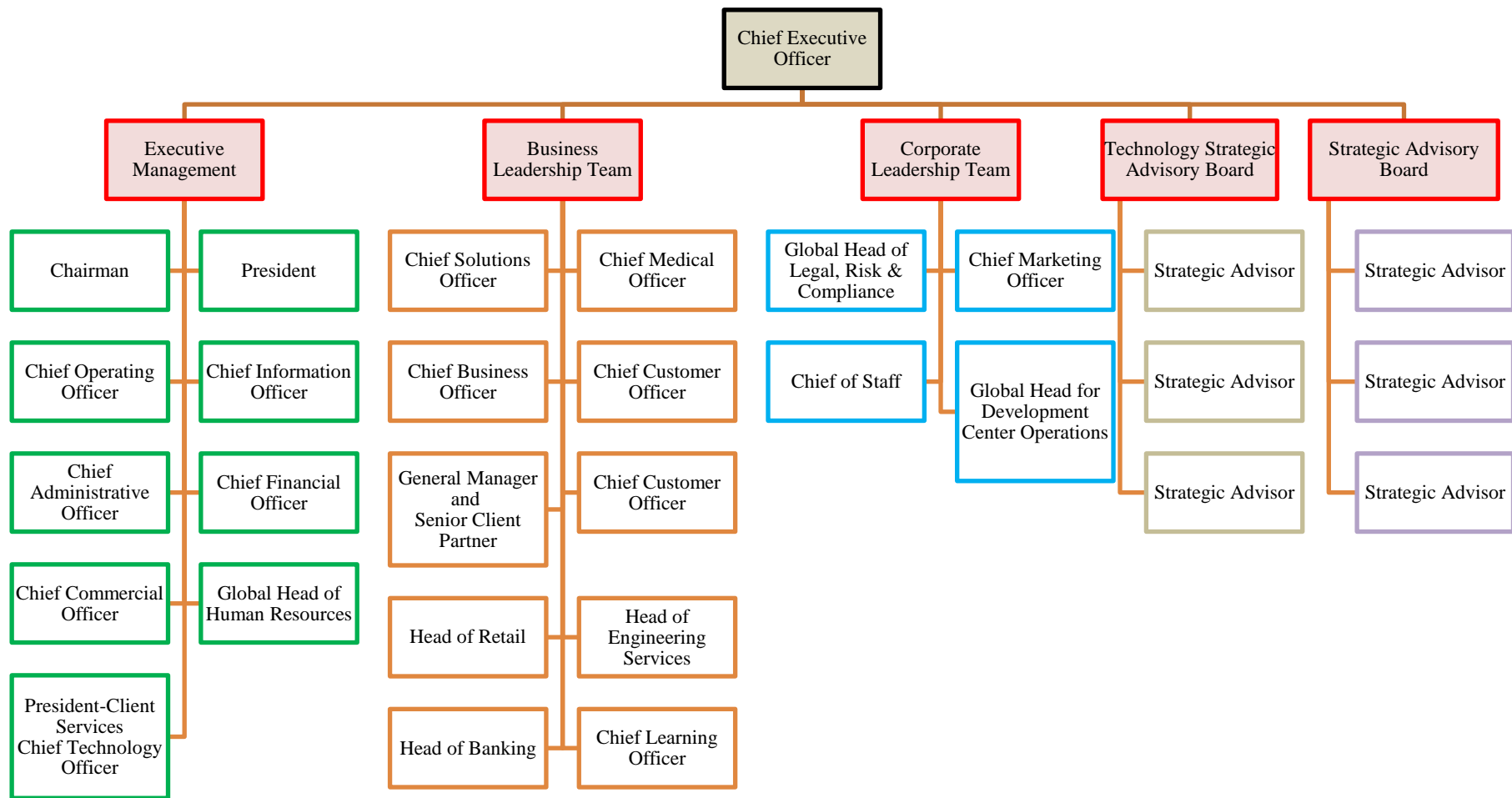


Figure 7 STU Global Leadership Team
 (Source: STU Global)

3.7 STU Global Organization Structure in Penang

According to Human Resource Penang Manager, “STU Global is following vertical structure where various technical vertical report to the regional manager, which in turn will report to the Headquarter in the United States”. Figure 8 is the reporting structure from Headquarter to the site office in Penang. Regional Manager in Penang will vertically report to Headquarter in United States for any progress and updates of STU Global in Penang. Regional Human Resources and Administrative Operation are placed in between Regional Manager and Project Managers. Project managers are placed in client’s company and will vertically report to the Regional Manager for each respective client companies assigned. After project managers are the employees that will be outsourced to the Client Company. The employee will report to the respective project manager based on which Client Company they will be working.

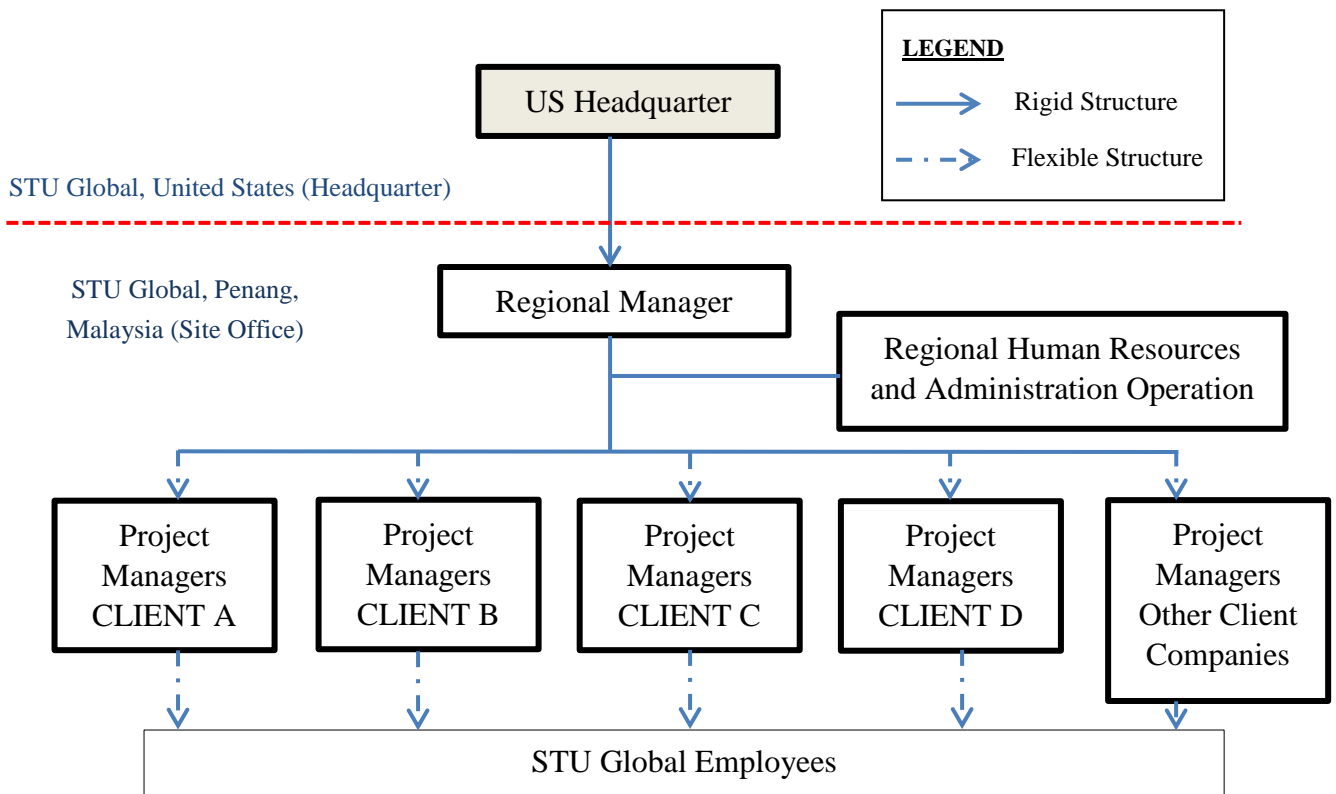


Figure 8 STU Global Vertical Organization Structure
(Source: STU Global)

3.8 STU Global Organization Structure in Penang at Client Company

Figure 9 is the reporting structure of STU Global office in Penang and employee outsourced in one Client Company. Each STU Global organization chart across any client company will follow the same structure and varies according to the number of project. Project manager will be handling either one or multiple projects based on the workload. n^{th} in Figure 9 represent n numbers. If the number of project is high, n^{th} number will also increase. For example, in Figure 9, Project Manager 1 is handling 2 project, so the manager has two team leads, followed by the subordinates. Project Managers need to report to the Client to update the project progress and monitor the outsourcing service delivered. For each project, team lead and subordinates will report to the STU Global project managers as well as respective manager from client's company that is responsible for the project.

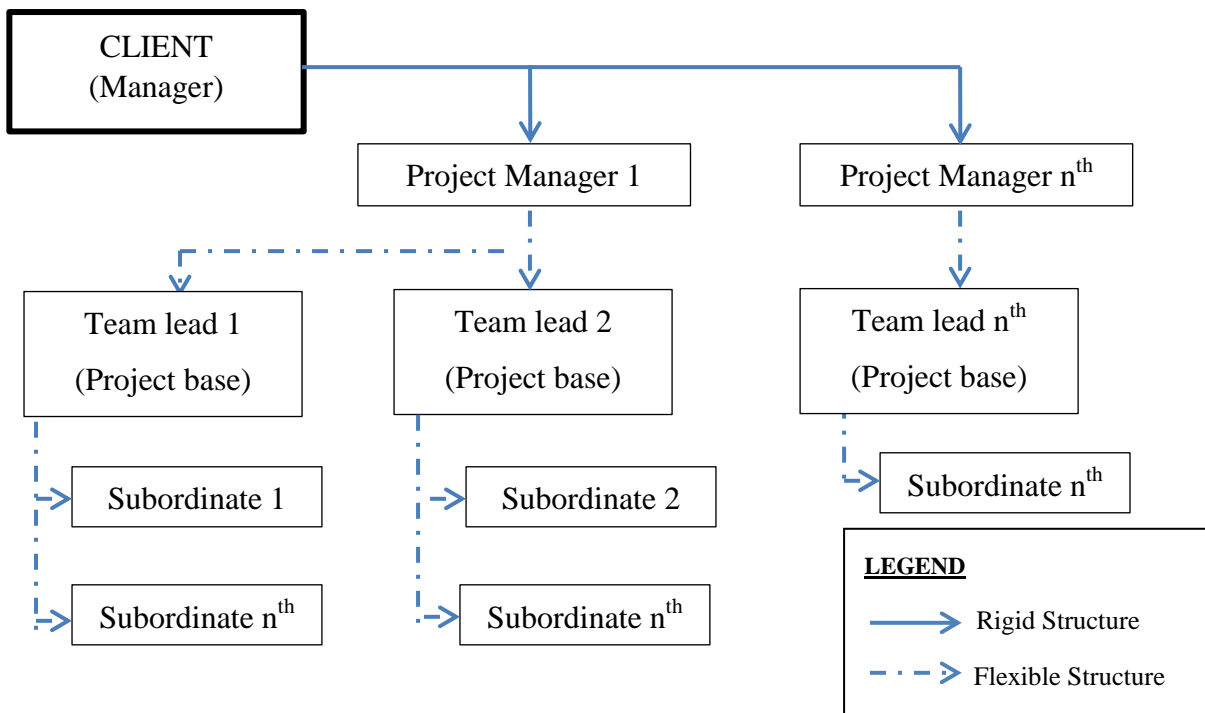


Figure 9 STU Global Organization Structure in Penang at Client Company
 (Source: STU Global)

3.9 STU Global Rigid and Flexible Structure

There are two lines in Legend boxes Figure 8 and Figure 9 which indicate two different structures. The two types of structure used for managing employees in regional site are rigid and flexible structure. Rigid structure means that the structure is based on regional operation and fixed, whereas flexible structure means that employees are flexible and can be transferred to any team, based on project and demand.

Regional Manager, Regional Human Resources Manager, and Project Manager are falls under rigid structure. Rigid structure is because all of them are expatriates from STU Global Campus in India, and appointed by headquarters to brand STU Global in Malaysia as the best outsourcing service company. They are also responsible for STU Global in Penang growth since the first start up in Malaysia.

STU Global is using flexible structure to ease the process in managing employees that has been sent to the client's company, as they will be different projects across Research and Development department. STU Global Project Manager will manage multiple projects and have team lead that will assist and work along with a number of subordinates along the project completion. The structure is flexible because the team lead and subordinates is changeable and can be swapped within team to expose the employees to variety of Engineering and IT project as well as enhance the skills of employees.

3.10 STU Global Organization Structure in Penang Summary

Summary of dynamic and complex organizational chart has been summarized in Figure 10. From the Headquarter in US is the Penang Regional Manager, followed by Regional Human Resources and Administration Operation. Project managers will be placed at Client Companies. Based on project and workload, Project managers need to report to the Client to update the project progress and monitor the outsourcing service delivered. For each project, team lead and subordinates will report to the STU Global project managers as well as respective manager from client's company.

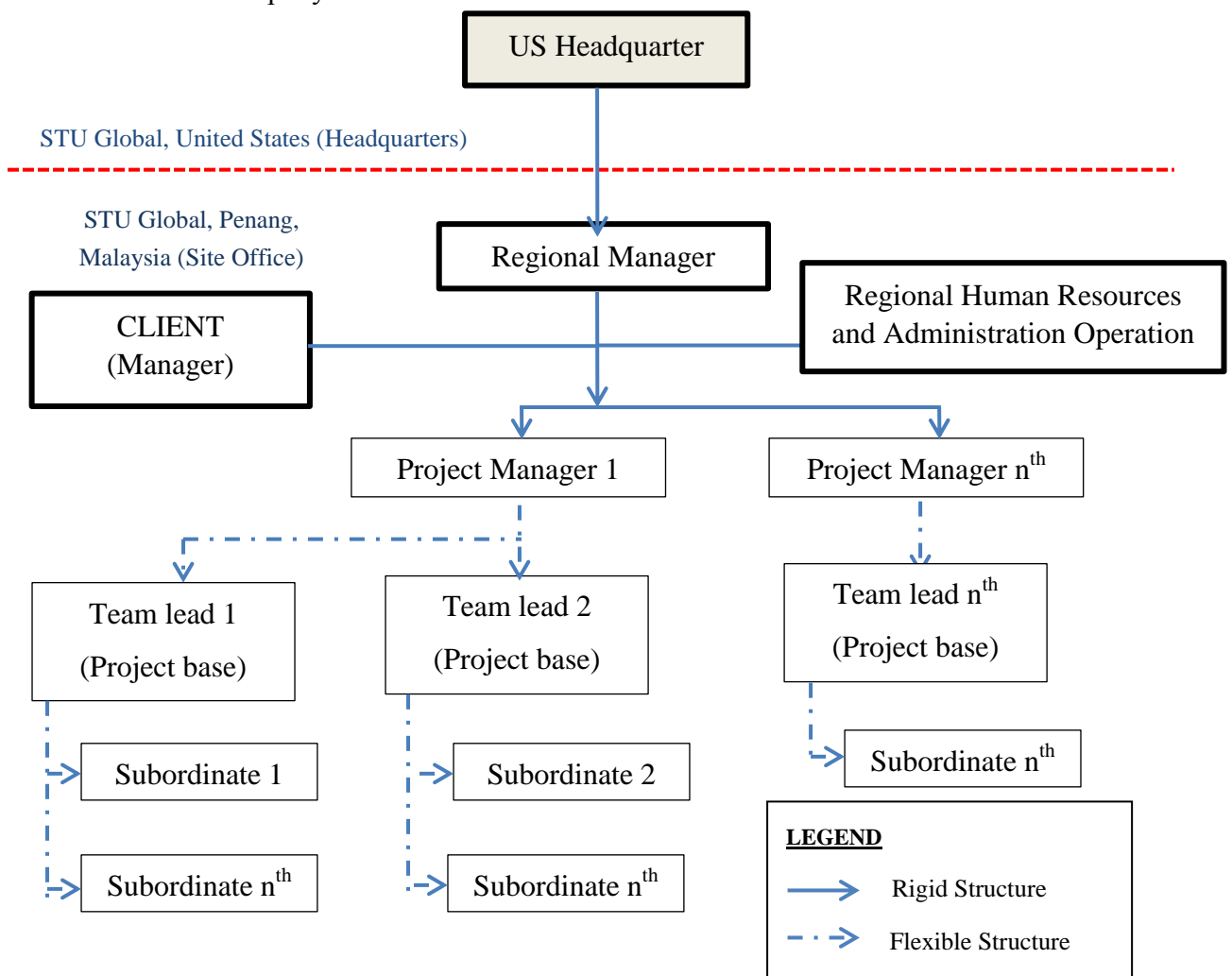


Figure 10 STU Global Organization Structure in Penang Summary
(Source: STU Global)