

# HUMAN CAPITAL RETENTION STRATEGY

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## 1 INTRODUCTION

Staff retention is a process of ensuring that employees with valued, needed skills and experience are kept within the service of the Municipality. Recruitment and retaining potential staff is one of the important processes of the Human Resources Management Function. It is always desirable for the organisation to have the right number of staff, with the right skills. The Matatiele Local Municipality recognises that its most valuable asset is its human resources. A great deal of time and money is invested in the recruitment, training and development of employees and, as such every effort should be made to retain those employees. As a result, this Strategy has been developed to guide the Matatiele Local Municipality in attracting and retaining staff.

## 2. PURPOSE OF THE STRATEGY

Staff retention is about finding the best employees for the job and finding ways of keeping these employees within Municipality. It involves a range of ideas and practices that should all be seen as interlinked. The focus is on attracting employees to join the organisation focusing on recruitment strategies and keeping those who are already employed, especially those with relevant qualifications. It also involves motivating the staff, covering both psychological aspects of the employees (their perception, their goals, and their behaviours) and operational aspects attached to the job or tasks for which they were appointed. It requires a management approach that takes all factors (both inside and outside the organisation) into account.

*The purpose of the Staff Retention Strategy is:*

- To allow Council to effectively retain their staff by providing information on staff retention and some possible staff retention techniques.
- To prevent the loss of competent staff from the Municipality that can have an adverse effect on service delivery
- To retain key staff members whose services are regarded as critical to achieve the vision and mission of the Municipality.
- To identify individual's potential for assuming a higher degree of responsibility.
- To help develop a skills base for succession planning
- To create and sustain a pleasant humane working environment where employees are given the opportunity to thrive

### **3. APPLICATION OF THE STRATEGY**

#### **3.1. This strategy will apply:**

- 3.1.1. To all scarce's skills positions in terms of National Scarce Skills list as determined by LGSETA)**
- 3.1.2. To all critical positions (Senior Management positions)**

### **4. LEGAL FRAME WORK AND REQUIREMENTS**

- 4.1. The Constitution of the Republic of South Africa (1996)**
- 4.2. This strategy is premised on the requirements of the Basic Conditions of Employment Act (75 of 1997)**
- 4.3. Municipal Systems Act: 2000, as amended**

### **5. GUIDING PRINCIPLES OF THE STRATEGY**

#### **5.1. Support for Strategic Objectives**

**Remuneration and reward frameworks and decisions shall be developed in a manner that is consistent with, supports and reinforces the achievement of the Municipality's vision and strategy.**

#### **5.2. Transparency**

**The process of remuneration management shall be transparent, conducted in good faith and in accordance with the appropriate levels of confidentiality.**

#### **5.3. Internal equity**

**The Municipality shall remunerate all staff fairly in terms of their roles within the organisation.**

#### **5.4. Compliance**

**Where applicable, the Municipality shall base its salary scales on applicable SALGBC wage curves.**

#### **5.5. Market-Related Remuneration**

**The Municipality shall compare its remuneration practices and salary scales against Municipalities of equal capacity in the District, Province and neighbouring Municipalities.**

#### **5.6. Flexibility**

**Remuneration and reward offering shall be sufficiently flexible to meet both the needs of individuals and those of the institution whilst complying with relevant tax and other legislation.**

#### **5.7. Performance-Driven Remuneration**

**The Municipality shall entrench a culture of performance driven remuneration through the implementation of the Performance Management System.**

#### **5.8. Affordability and Sustainability**

**The overall cost of salaries and benefits shall be within the established budgetary parameters and shall be sustainable over medium to long-term.**

### **6. RETENTION TOOLS**

**The following should be regarded as tools to assist in the achieving the retention of staff:**

- Performance appraisal system**

- Personal development plan
- Career development/training
- Staff moral assessment/survey
- Exit interview report

## **7. EMPLOYEE WELLNESS**

The relation between the retention of staff and their physical and emotional wellness should be recognised and the employer should offer work-life balance options which should include:

- 7.1 Qualitative work-life and equal distribution of the workload
- 7.2 Recognising family responsibilities/obligations
- 7.3 Offering controlled flexi-time
- 7.4 Limit excessive performance of overtime
- 7.5 Effective Occupational Health and Safety programmes as well as an employee's wellness programme.
- 7.6 Improves communication channels to enable employees to express their concerns, complaints, view and suggestions openly and freely as well as to, ease access to information.

## **8. STAFF RETENTION TECHNIQUES**

### **8.1. Scarce Skills**

- 8.1.1 Conducting of a skills audit to identify and classify the current skills needs and the future needs of the Municipality as determined by Local Government Sectoral Education and Training Authority.(LGSETA).
- 8.1.2 Identification of scarce and critical skills on an annual basis as per the guide from Department of Higher Education and Training.
- 8.1.3 Where scarce/critical skills have indicated to leave the institution, an ad-hock committee may set the salary for a post or an employee above the maximum notch of the salary scale indicated on the staff structure of Council.
- 8.1.4 The process may also be initiated where an employee with scarce/critical skills and/or experience has received a higher job offer and the ad-hock committee may give a counter offer to retain his/her service.

### **8.2. Employment Equity**

- 8.2.1. Employment Equity Act, 1998, requires every employer to retain and develop people from the designated groups. The municipality is currently experiencing difficulty in attracting women (in senior management positions) and people with disabilities (PwD).
- 8.2.2. Opportunities should be created to make the employment more attractive for example apprenticeship, learnership and furthering of studies for all employees and the previously disadvantaged in particular.
- 8.2.3. Decisions of this nature must be taken with due consideration to the Municipality's Employment Equity Plan.

### **8.3. Service Providers**

- 8.3.1. Every effort must be made to use the skills or create capacity within the Municipality before engaging the services of service providers.
- 8.3.2. The use of consultants must be limited and, where

- 8.3.3. internal capacity exists, allocate additional duties to suitably qualified and experienced employees.
- 8.3.4. Where the service providers such as consultants are used, comparison must be made to ensure that the service is fair, equitable, transparent, competitive and cost effective.
- 8.4. **Encouraging Performance**
  - 8.4.1. Flexible work arrangements should be introduced where the specific circumstances of the employee at that point in time requires it.
  - 8.4.2. Divide exciting tasks/instructions equally in order to encourage staff.
  - 8.4.3. Reward employees who are performing well so that those that are under performing can be motivated.
  - 8.4.4. Balance the performance level by pairing new employees or under performers with top performers.
- 8.5. **Morale Building**
  - 8.5.1. Managers must lead by example, to achieve better results.
  - 8.5.2. Qualifications of employees must be valued by the institution and be rewarded accordingly.
  - 8.5.3. Employees must be given a chance to develop by trusting them with high profile responsibilities that match their job description/level.
  - 8.5.4. When an employee has performed well, appreciation must be shown because when an employee's efforts go unacknowledged, a message of their unimportance is sent.
  - 8.5.5. Staff needs must be attended to timeously.
  - 8.5.6. A conducive environment should be provided where an employee can learn from his/her mistakes.
- 8.6. **Sense of ownership**
  - 8.6.1. In order to boost confidence and inculcate independence, employees should be encouraged and motivated to work under less supervision
  - 8.6.2. Employees should be involved in decision-making processes, as such will create a sense of ownership of what has been proposed/decided. Further, employees will do their best to achieve desired goals.
- 8.7. **Performance Appraisal**
  - 8.7.1. Performance appraisal is a two-way process, it includes the employer and employees as a tool to identify short-comings and future development of employees.
- 8.8. **Job Rotation**
  - 8.8.1. Job rotation should be used as an important approach for achieving job satisfaction, making the job more challenging, enhancing skills and knowledge and ultimately assisting in building employee morale.

**8.9. Performance Management and Development**

- 8.9.1. Each employee must have a performance agreement, which is cascaded from the departmental score card.**
- 8.9.2. The output must be specific and measurable with clear time frames for achievement.**
- 8.9.3. The performance must be assessed four times per financial year.**
- 8.9.4. The identified needs or shortcomings must be followed by the appropriate intervention/training.**

**8.10. Staff Development and Training**

- 8.10.1. Staff development and training embraces the formal and informal acquisition of knowledge, skills, attitudes, thinking and habits required of an employee to render quality service and secure him/her a rewarding career.**
- 8.10.2. Employees should be continually trained with relevant development programmes that put them on par with their peers in the job market and thereafter be supplied with the necessary modernized work-tools and be allowed space to practice the skills they have acquired.**
- 8.10.3. Employees who have or obtain higher qualifications should be given preference in the filling of vacant posts which require such qualifications.**
- 8.10.4. In a situation where the employees cannot be accommodated in a suitable post, his/her job should be reviewed with an intention of adding more responsibilities and re-evaluating the post to ensure the maximum utilization of the employee's potential.**
- 8.10.5. The culture of continually developing staff shall be maintained in line with the skills Development Act and Performance Management System within the Municipality.**

**8.11. Succession Plan**

- 8.11.1. A Succession Plan database should be compiled from the career discussion outcomes and should be in the custody of Corporate Services Department and kept confidentiality.**
- 8.11.2. The Corporate Services Department should identify potential key competencies to be developed in the light of the identified succession plan positions.**
- 8.11.3. Planning is fostering activities like job rotation to expose staff to the workings of the Municipality. This can assist in the identification of top performers and employees with potential.**

**8.12. Multi-skilling**

- 8.12.1. Multi-skilling is a process that organizes work in a manner that enables staff to acquire and use a greater range of skills.**
- 8.12.2. Multi-skilling must be linked to the skills requirements of the Municipality and should form part of its strategic empowerment and employment equity plans.**
- 8.12.3. All multi-skilling efforts should be properly planned and scheduled.**

**8.13 Working Tools**

- 8.13.1 The following tools are essential and shall be provided to Senior Managers, Middle Managers, Field workers at the level of officer, Professional**

Assistants, Executive Secretaries and other categories of employees in line with applicable Policy and/or as per need:

- 8.13.1.1 Laptop
- 8.13.1.2 Cell phone
- 8.13.1.3 3G Modem
- 8.13.1.4 Office space/working station

#### **8.14 Salary Levels/Scale**

##### **8.14.1 Senior Managers/Sec 56 Managers**

8.14.1.1 All Section 56 Managers must be on the same salary level/scale and newly appointed Section 56 Manager shall commence at the current salary scale of the Section 56 Manager, subject to the provisions of the applicable legislation and/or regulations on appointment of the Senior Managers accountable to the Municipal Manager.

##### **8.14.1.2. Municipal Officials**

8.14.1.2.1. All employees on the same TASK GRADE shall earn the same salary as the TASK GRADE of the post and notch payment will according to experience and years of service level.

8.14.1.2.2. All posts shall be linked to a TASK Grade for the payment of salaries for control purposes.

DESIGNATION	Equivalent TASK GRADE
Section 54 Manager	As per applicable gazette
Senior Managers	As per applicable gazette
Middle Managers	16 to 18
Coordinators & Equivalent	As per applicable salary structures
All other employees	As per applicable salary structures

##### **8.14.2 Extension/Renewal of Contract**

8.14.2.1 The Municipal Manager, after having considered operational requirements of the institution, should, in consultation with relevant Head of Department, initiate negotiations within reasonable time with the Middle Manager pertaining to either extension or renewal of the employment contract

8.14.2.2 The Executive Committee shall upon having considered operational requirements of the institution, and in consultation with relevant structures of Council, initiate negotiations within reasonable time with the Municipal Manager or Section 56 Manager pertaining to the extension or renewal of the employment contract, subject to the provisions of applicable legislation/regulations.

8.14.2.3 The indication or talks about the extension and/or renewal of the employment contract will be started earlier than nine (9) months prior to the date of expiry of the contract.

8.14.2.4 When the Municipality intends to give a preferential choice to an existing employee occupying a contractual post after advertising the same contractual post, such contractual post will be advertised at least month before the date of expiry of the existing employment contract in order to afford the employee concerned a hassle-free opportunity to apply and contest for reappointment to the post in question.

8.14.2.5 The Municipality will also consider renewing or extending a contract of employment for an employee affected by the circumstances mentioned in clause No 8.14.2.4 in order to afford him or her an opportunity to apply for employment in the post in question whilst still in the employ of the Municipality.



## **9. ATTRACTING SCARCE SKILLS**

### **9.1. Granting of higher salaries**

- 9.1.1 Scarcity of the skills and/or the competencies that the said employee possesses shall be the key guiding factors that will determine the final outcome.**
- 9.1.2 In order to attract new employees whose skills are critical to the Municipality, higher packages can be offered to the employee regardless of the current packages, subject to the provisions of other sister policies and other relevant laws.**
- 9.1.3 The prevailing market trends should be studied and taken into consideration.**
- 9.1.4 The granting of higher salaries for the purpose of counter offer requires that the following measures be taken into account, namely the demonstration of fairness, budgetary provisions to sustain the position and alternatives.**

## **10. APPROACHES TO REMUNERATION**

- 10.1. The “Base Pay Add” on approach is based on the SALGBC salary structure for a particular grade to which prescribed benefits are added on which will be applicable to permanent employees.**
- 10.2. Another approach is the Total-Cost-To-Employer (TCTE) is a commonly applicable to relatively senior position which will be applicable to Senior Management and Middle Management positions.**
- 10.3. For the attraction and retention of General Managers and Middle Management employees, the TCTE will be implemented for the following advantages:**
  - 10.3.1 Transparent budgeting and planning**
  - 10.3.2 Greater flexibility in remunerating individuals according to their market scarcity and individual worth.**
  - 10.3.3 Flexibility for employees in structuring packages of the personal needs within the prevailing legislation and Municipal parameters.**
  - 10.3.4 Reduction of the Municipality’s exposure to open ended benefit liabilities**
  - 10.3.5 More equitable and defensible approach to remuneration**
  - 10.3.6 Supports modern organizational designs**
  - 10.3.7 Fair and accurate market comparisons**
  - 10.3.8 Employment costs are known upfront allowing for more accurate budgeting and planning**
  - 10.3.9 Supports performance remuneration**
  - 10.3.10. Favourable environment for the Municipality to attract and retain high quality staff.**

## **11. ROLES AND RESPONSIBILITIES OF THE HUMAN RESOURCES AND LINE MANAGEMENT IN THE IMPLEMENTATION OF HUMAN CAPITAL RETENTION**

- 11.1. General Managers, Middle Managers and Supervisors shall work together in people management issues in discharging the following:**
  - 11.1.1 to effectively lead, coach and mentor staff;**

- 11.1.2 to provide proper feedback;
- 11.1.3 to align work processes and jobs with organisational goals;
- 11.1.4 to create a culture of life-long learning and development in which employees can grow;
- 11.1.5 to grow and improve their employee competencies.
- 11.1.6 to provide Line Managers with relevant, efficient and strategic human resource advice and interventions; to provide the Line Manager with cutting edge of new people management thinking

## **12. APPLICATION OF THE TCOE APPROACH**

- 12.1. All Management positions shall be benchmarked against a set of key and strategic post levels or grades or ranks of management positions within any prevailing Job Evaluation System in the local government undertaking.
- 12.2. The principles of uniformity and consistency with the organizational positioning, job knowledge, complexity and responsibility will be applied in bench marking management position.
- 12.3. All Middle management employees falling within posts on TASK GRADEs 15 and above or equivalent will be, and TASK GRADE 14 employees downwards may be appointed on Total-Cost-To-Employer principle.
- 12.4 All employees appointed as support staff in the offices of the political office bearers will be appointed on Total-Cost-To-Employer principle, and to be attached to the term of office of Council.

## **13. REASONS FOR EMPLOYEES TO LEAVE**

- 13.1. Some of the reasons for staff turnover are unavoidable but the following can be avoided:

- 13.1.1. Financial consideration
- 13.1.2. Work environment
- 13.1.3. Career development
- 13.1.4. Lack of benefits
- 13.1.5. Resistance to change
- 13.1.6. Internal mobility and job-hopping
- 13.1.7. Leadership and management style
- 13.1.8. Lack of effective communication

### **14.2. Benefits**

- 14.2.1 The Municipality will strive to offer high end employee benefits subject to cost effectiveness according to the latest trends in the market especially to management employees and employees whose skills are classified as critical or scarce skills as follows:

- 14.1.1. Housing subsidy/ allowance
- 14.1.2. Relocation costs and accommodation for 01 month.
- 14.1.3. Develop a plan to prepare for future retirements
- 14.1.4 Training and development

## **15. MONITORING AND EVALUATION**

Methods to be used for the evaluation of the effectiveness of the Retention Strategy shall include:

- 15.1 Analysis of the staff turnover
- 15.2 Analysis of the exit interview reports,
- 15.3 Analysis of Labour market trends

**16. EXIT INTERVIEWS**

- 16.1** A follow up interview/discussion shall take place after three months to establish how the employee has adjusted.
- 16.2** All employees that have tendered resignations shall be interviewed before leaving the Municipality.
- 16.3** Exit interviews should be well structured and well organized to determine the potential and reason for the employee leaving the Municipality.
- 16.4** Exit interviews shall be perceived as a management tool to extract constructive and valuable positive or negative information that can be used to improve the situation and morale of the remaining staff and also as a method of reducing staff turnover.
- 16.5** Such interviews shall be structured using the questionnaire designed to follow the leaving employee to obtain the reason for leaving the Municipality.
- 16.6** The exit interviews should be changed from being organizational threats into opportunities for improvement.
- 16.7** A suitable venue with no interruptions must be chosen to conduct the exit interview.
- 16.8** The questionnaire of the exit interviews will be designed by the General Manager for Corporate Services in conjunction with the relevant Department and shall be made available to the employee at least two days prior to the exit interview.
- 16.9** For exit interviews to be successful, it is essential that the interviews be given an unambiguous guarantee in writing that no information emanating from the exit interview shall be used against him/her. The information shall only be used for enhancing efforts towards attracting and retention of staff.

**17. COMPOSITION AND TERMS OF REFERENCE OF THE AD HOC RETENTION REMUNERATION COMMITTEE OF COUNCIL**

- 17.1.** In order to ensure good governance and oversight a Retention Remuneration Committee shall be established.
- 17.3.** The membership of the ad hoc Committee shall be as follows:
  - 17.2.1.** The General Manager concerned
  - 17.2.2.** The General Manager: Corporate Services
  - 17.2.3.** The Chief Financial Officer
- 17.4.** The Committee shall be chaired by the General Manager: Corporate Services
- 17.4.** *The Committee shall meet as and when required*
- 17.5.** The Committee shall report directly to the Municipal Manager
- 17.6.** *This committee shall make recommendations to the Municipal Manager*
- 17.7.** The Committee shall deal with the retention remuneration for employees below Section 56/57 posts.
- 17.8.** Retention remuneration for Section 56/57 employees will be dealt with through the Office of the Municipal Manager, subject to approval by the Council and compliance with applicable legislation/laws.
- 17.9.** The ad hoc Retention Remuneration Committee shall discharge the following:
  - 17.9.1.** Evaluation of a request or motivation for payment of a retention

- remuneration in terms of this strategy and other sister policies.
- 17.9.2. Making recommendations of the best form retention option within the ambit of this policy
- 17.9.3. Advise the Municipal Manager on whether to approve funding for a particular retention or not.
- 17.9.4. Sign off the report or memorandum and its recommendations sent to the Municipal Manager
- 17.9.5. Maintain a high level of confidentiality with regard to discharging its responsibilities

## **18. COMMENCEMENT**

**This strategy will come into effect on the date of adoption by Municipality and all the previous adopted policies/Strategy in this regard shall be repealed.**

## **19. INTERPRETATION OF THIS STRATEGY**

- 19.1 All words contained in this policy shall have a ordinary meaning attached thereto, unless the definition or context indicates otherwise.
- 19.2 Any dispute on interpretation of this policy shall be declared in writing by any party concerned.
- 19.3 The Office of the Municipal Manager shall give a final interpretation of strategy in case of written dispute.
- 19.4 If the party concerned is not satisfied with the interpretation, a dispute may then be pursued with the South African Local Government Bargaining Council/or Arbitration.

## **20. PERMANENT/TEMPORARY WAIVER OR SUSPENSION OF THIS STRATEGY**

- 20.1 This strategy may be partly or wholly waived or suspended by the Municipal Council on a temporary or permanent basis after consultation with Management and Trade Unions.
- 20.2 Notwithstanding clause No. 18, the Municipal Manager may, under circumstances of emergency, temporarily waive or suspend this Strategy subject to reporting such waiver or suspension to Council and Trade Unions.

## **21. AMENDMENT AND/OR ABOLITION OF THIS STRATEGY**

- 21.1 This Strategy may be amended or repealed by the Council after consultation with Management and Trade Unions.

## **22. REVIEWAL OF THE STRATEGY**

- 22.1 This Strategy may be reviewed annually.

**23. COMPLIANCE AND ENFORCEMENT**

- 23.1 Violation of or non-compliance with this Strategy will give a just cause for Disciplinary steps to be taken.**
- 23.2 It will be the responsibility of all Section 54A/56 Managers, Middle Managers, Supervisors, Executive Committee and Council to enforce compliance with this Strategy.**

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**MR. L. MATIWANE**  
**MUNICIPAL**  
**MANAGER**



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**CLLR M. STUURMAN**  
**ACTING HON.**  
**MAYOR**



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**CLLR N. NGWANYA**  
**HON. SPEAKER**