DRAFT STAFF RETENTION POLICY

2018-19

INTRODUCTION

The municipality is currently facing challenges of high staff turnover. These challenges can be ascribed to both external and internal factors.

External factors refer to factors outside the municipality's institutional arrangements and which cannot be controlled by the municipality such as demand in the labour market, environmental aspects, and geographical factors.

Internal factors refer to issues such as remuneration, employee motivation and other benefits. Addressing these challenges will require a well-crafted strategy to give solution to a range of issues hence a staff retention policy.

Staff retention management is nowadays regarded as one of the fundamental feature of management. In most organizations staff retention management forms part of a strategic plan. This is because the growth of any organization despite its technological advancement status depends largely on the capacity of its employees and skills retention.

In the main, staff retention policy or strategy should focus on attracting new employees with required skills to join the organization and at the same time keeping those who are already in the organization, especially those whose skills are crucial or scarce to the organization. As such recruitment and selection, together with employee motivation strategies, play a significant role.

For Okhahlamba Local municipality to meet its mandate, top managers, senior managers and operational managers should work very hard and in partnership to deal with the issue of staff retention. Again, there should be a political zeal side of the Executive and council to achieve staff retention objectives.

In light of the above backdrop, this policy will encapsulate the definition of staff retention, reasons for skills shortage, key aspects of retention within the municipality, cost of losing staff, roles and responsibilities with regard to staff retention and classification of skills.

1. DEFINITION OF STAFF RETENTION

Staff retention focuses on attracting employees to join an organization through recruitment and selection strategies and keeping those who are already employed especially those whose skills are crucial to the organization.

2. OBJECTIVES OF THIS POLICY

2.1 To position Okhahlamba Local Municipality as an employer of choice

2.2 To ensure creation of a conducive and harmonious working environment for the employee.

2.3. To ensure the employee's health and well being

2.4. To complement the implementation of Human Resources Plan.

2.5. To attract employees with crucial skills and retain competent staff whose services are regarded as mission critical or scarce skills.

2.6. To ensure career development for staff

2.7. To reduce staff turnover rate

2.8. To ensure optimal Human resources utilization.

3. LEGISLATIVEFRAMEWORK

The following policies and legislations serve as a framework for this policy:

3.1. Recruitment and Selection Policy of Okhahlamba Municipality

3.2. Human Resources Manual of Okhahlamba Municipality

3.3. Bursary Policy of Okhahlamba Municipality

3.4. Employment Equity

3.5 Labour Relations Act, of 1995

3.6. Scarce skills strategy for the Public Service of 2002

3.7. Employment Equity Plan of Okhahlamba Municipality

3.8. Skills Development Act 1998

4. PRINCIPLES UNDERPIN THIS POLICY

4.1 The policy is developmental oriented rather than focusing on individual interests

4.2. Classification of posts on scarce skills, valued skills and high risk skills is based on strategic objectives of the municipality

4.3. Job evaluation outcome shall serve as the basis to determine the salary level of the post

4.4. The culture of continuous staff training shall be maintained in line with the Skills Development Act and Okhahlamba Municipality PMS policy

4.5. The potential reasons for leaving the municipality shall be determined by exit interviews and staff morale survey.

4.6. The Staff retention policy should by no means be construed as a vehicle to get promotion or any monetary reward.

4.7. Honesty, transparency, equity and fairness must be maintained.

5. REASONS FOR SHORTAGE OF SOME SKILLS AT OKHAHLAMBA LOCAL MUNICIPALITY

There is a shortage of specialized skills in the labour market and the geographical area.

6. COST OF LOOSING STAFF

Before the municipality considers to give any retention drive to an employee who intends to leave, consideration should be made to the cost involved in losing a particular employee. The following are some of the costs that should be considered:

6.1.
Separation costs

These are costs which can be incurred during exit time e.g Administrative expenses, payment of entitlements such as leave gratuity.

6.2
Vacancy costs

These are costs relating to the appointment of an acting employee while at the same time engaging on recruitment, selection and appointment of a new incumbent.

6.3.
Replacement cost

This refers to the cost of Recruitment and selection such as advertisement of post on newspapers, claims for travelling and accommodation by candidates etc.

6.4.
Training costs

Under normal circumstances when new employees are appointed, they need to undergo training.

7.
TURNOVER RATE AT OKHAHLAMBA MUNICIPALITY

The turnover rate in the Okhahlamba municipality is increasing yearly

8.
BROAD RETENTION CHALLENGES

Okhahlamba municipality is faced with employee turnover. There various factors for staff turnover. There are those which are unavoidable and those which are avoidable.

8.1.
Unavoidable factors

These are factors beyond the municipality control such as death, retirement, ill health, family relocation or any unforeseen natural attrition.

8.2. Avoidable factors

8.2.1.
Financial considerations

Many employees decide to resign from their organizations because they are offered better salaries or service benefits elsewhere. Our municipality's remuneration system is inflexible and less competitive enough to attract and keep talented employees. There must be a mechanism to reward those who excel and to counter any attempt to keep the staff. The Municipality's Human Resources manual makes provision for a counter offer for purposes of retention.

8.2.2.
Work environment

A poor work environment can lead to employees being unhappy and decide to resign. A conducive work environment motivates employees to perform their work much better. Conducive environment shall include amongst others adequate office space, adequate resources and equipments e.g computers, stationery, machinery etc,

8.2.3.
Career Development

Employees have interest to grow in their work and if the municipality does not provide this opportunity employees will begin to look for alternatives. The municipality with its budget does make provision for career development in the form of bursaries and training.

8.2.4.   Resistance to change

Organisations undergo minor or major changes. When these happen, some employees may feel uncomfortable and decide to leave. The most common reasons for these are:

- Fear of the future
- Reluctance to change old habits
- Self interest
- Financial insecurity
- General mistrust.

The municipality should find a better way of managing change. Consultation should be made when effecting changes. People are not the same. Some can understand changes in a quicker way while others need guidance through the process.

8.2.5.
Internal Mobility and Job hopping

Modern employees tend to job hop from one job to another especially those who are still young and whose skills are in high demand in the labour market. As a result, young employees often prefer to move from one job to another unlike sticking to one job for a long time. The municipality must develop a multi- skilling program which promotes job rotation within each department.

8.2.6.
Leadership and management style

Leadership style plays a very significant role in employee retention. Talented employees will leave an organisation if they believe the management style is stifling growth and not empowering. Where managers are not people centred, the results will be low employee morale, little motivation, poor performance, and lack of guidance. There must be a leadership training program focusing on people management.

9. WHY EMPLOYEES STAY IN THE ORGANISATION

The reasons why employees stay with an employer are closely linked to their motivation and preferences. There are many initiatives the municipality can take to encourage their staff to stay. This include amongst others the following:

9.1.
Provision of resources

The municipality must make sure that there are sufficient resources available to meet the demands of the job. This will motivate employees to perform their duties. Essential resources such as stationary, computers, cartridges, must always be available.

9.2.
Empowerment of Employees

Training and skills development are amongst the factors that motivate employees to stay in the organisation. This should be a continuous process rather than a once off event. The municipality can empower its employees through financial assistance to those who are pursuing further studies and also through the Work place Skills plan. In this regard the municipality must utilise its mandatory grant for the purpose of training of staff only.

Another element of staff empowerment is through PMS regular assessment should be conducted on quarterly basis to assist staff to identify gaps and apply corrective measures where necessary. The reward for excellent performance must be done. The municipality must introduce other means of rewarding satisfactory performance other than monetary terms such as awarding certificates of recognition.

9.3. Optimal utilization of Human Resources

The municipality must delegate employees to take higher responsibilities and perform challenging work other than their normal routine duties. This must be done in a written way. Managers must in consultation with the human resources section initiate the delegation of employees to higher responsibilities.

9.4. Communication

Employees feel being important if they are informed.
The municipality must have a vibrant communication strategy which allows feedback from employees.

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9.5. Compensation and benefits

In order to become an employer of choice the municipality should develop an integrated compensation and benefits policy. This policy should be able to match our rewarding system with that of the competitors

10. CLASIFICATION OF SKILLS

Classification of skills can be used for the purpose of retaining skills that are needed to realize the municipality goals and objectives which are

difficult to recruit and expensive to replace. For instance, a particular
skill may be in short supply such as Examiners while other skills such as engineering may be hard to find and replace.
In order to classify skills, the following tools can be used to identify them:

- Analysing the rate of staff turnover
- Considering acquisition trend in a particular job category or geographical area
- Understanding the municipality's skills requirements and the competition in the labour market.

10.1
Scarce skills

The following job categories in our municipality can be regarded as scarce skills, taking into consideration the difficulty in obtaining them, the rate of turnover and the demand for these skills in the labour market:

Engineering
Auditing
GIS
Survey
Technical skills
Information Techn.

10.2. Valued
skills

By valued skills we refer to those skills which contribute significantly and which if lost would have a negative impact on the municipality's ability to achieve its goals and objectives. The following jobs can be categorized as valued skills:

Accountancy
Planning
Auditing
Human Resources Management
Legal profession
Payroll Administration

10.3. High risk skills

High risk skills we refer to those skills that are highly demanded in the labour market and which if lost would have a very serious impact to the community. The following jobs may fall within this category:

Drivers license and motor vehicle examining skills
Law enforcement
E-Natis Administration
IT specialization

11. INTERVENTIONS TO RETAIN STAFF

Interventions to retain staff can be most effective if:

- They are aimed at specific circumstances or skills group;
- They are integrated and linked with a wide variety of human resources policies and practices.

The following human resources policies and practices need to be integrated and aligned with the retention strategy:

11.1. Recruitment and Selection process

Selection decision, strict adherence to recruitment and selection processes should be linked with this strategy. Accurate job descriptions

11.2. Effective Induction methods

Establishment of employee commitment through effective induction process
Development of a well structured induction programme for all
New employees
Line managers and HR to lay a good foundation.

11.3. Human Resources Development

Training of employees is essential and creates confidence.

Training should be accompanied by contractual binding to serve the municipality for certain period after completion of training.

11.4. Alignment of competencies

Alignment of municipality's needs with employee's needs.

11.5. PMS

Effective implementation of Performance Management Systems must be done on regular basis.

11.8. Counter offering

Although the management has very little flexibility on how employees are paid, there are some measures that can be embarked on to find and keep employees with scarce skills. The municipality can introduce a system of counter offers to certain employees with special skills who intend to resign.

The following guidelines can be followed when giving counteroffers:

11.8.1. Counter offering will be done on scarce skills, valued skills and high risk skills.

11.8.2. The municipal manager must constitute a committee of at least four people including union representative to handle counter offering process. The committee should come up with recommendations that must be approved by the municipal manager.

11.8.3. Line managers should consult corporate services for intervention once they identify workers in the classified skills showing intention to leave.

11.8.4. As a standard procedure all employees to be counter offered, their files should be used to examine their performance as reflected in the PMS file and any other documented proof to support the counter offer.

11.8.5. Counter offered employee will not be counter offered again should he/she get another job offer elsewhere within a period of twelve(12) months after being counter offered

11.8.6. When counter offering an employee will be offered the same salary level as that of competing employer or one notch on valued skills and two notches high on scarce and high risk skills.

12. STAFF RETENTION MANAGEMENT IN THE MUNICIPALITY

The Corporate services should involve all managers and assistant managers in the staff retention process. These employees shall determine the quality of a variety of retention drivers such as work culture, opportunity for growth, rewards for excellent performance and grievance handling. This should be done through the following:

12.1. Assessing staff morale

Corporate services must bi-annually assess staff morale to find out how employees feel about the organization and their managers and nature of their work.

12.2. Exit interviews

Knowing why employees leave will help to identify and deal with any problem causing them to leave. Corporate services must conduct exit interviews to all employees who intends to resign and the results of the interviews should be analysed and feedback should be given to the line managers as soon as possible.

12.3. Interview candidates who turn down our job offer

Where new candidates who are offered jobs by the municipality turn them down, these people should be interviewed even over the phone to find out why they turn down the offer

12.4. Keep staff statistics

Information on staff turnover, age profiles, length of service, staff composition, disciplinary actions, and grievance and so on should be kept.

12.5. Benchmarking with other employers

One of the main reason why employees leave is that they are attracted by competitive remunerations, better career growth opportunities and better incentives. The municipality should benchmark with employers of similar grades.

13. MONITORING AND EVALUATION

The Corporate Services will continuously monitor and evaluate the implementation of this policy and must submit quarterly report to the Municipal Manager.

14. EFFECTIVE DATE

This policy shall become effective upon approval by council.