

STAFF RETENTION POLICY

MOLEMOLE MUNICIPALITY



Table of contents

| | PAGE |
|---|----------|
| 1. PREAMBLE | 3 |
| 2. PURPOSE | 3 |
| 3. OBJECTIVE | 3 |
| 4. MANDATES | 1 |
| 5. PRINCIPLES | 2 |
| 6. DOCUMENTS | 2 |
| 7. SPONSOR | 2 |
| 8. RETENTION AND RECRUITMENT OF STAFF | 3 |
| | |
| <i>Internal advertising of posts</i> | |
| <i>External advertising of posts</i> | |
| <i>Broadening the scope and focus of the interviewing panel</i> | |
| <i>Job rotation with the aim of multi-skilling Scarce skills</i> | |
| <i>Enhancing the culture of recognizing positive effort and staff achievement</i> | |
| <i>Well-structured and well organized exist interviews</i> | |
| <i>Conducting exit interviews</i> | |
| <i>Attracting scarce skills</i> | |
| | |
| 8. CAREER DEVELOPMENT AND SUCCESSION PLAN | 7 |
| | |
| <i>Succession Plan</i> | 7 |
| <i>HR Reviews</i> | 7 |
| <i>Recruitment Selection</i> | 7 |
| <i>Classification of Employees for Career Development and Retention Purposes</i> | 8 |
| | |
| <i>High Flyers</i> | 8 |
| <i>Critical / Hot Skills</i> | 8 |
| <i>Potential for development</i> | 8 |
| <i>New employees – Induction programme</i> | 8 |
| <i>Follow up discussion after three months</i> | 9 |
| <i>Performance Management</i> | 9 |

9. CAREER DEVELOPMENT DISCUSSION

STAFF RETENTION POLICY

1. PREAMBLE

The Municipality recognizes that human resources are not only its most valuable assets but its competitive advantage and an enabler towards achieving long term objectives. It has been observed with concern the rate at which some of the most valuable employees are exiting the municipality. This phenomenon if it continues uncurbed has a potential to frustrate efforts towards the achievement of long term objectives as outlined in the IDP of the municipality.

The municipality needs to ensure that the above situation is addressed. For example, it has been observed that certain specific occupational categories are highly characterized by resignations of staff due to a variety of reasons such as lower salaries, career advancement, general working conditions, etc.

In addition, notwithstanding the fact that the municipality assists employees to achieve some tertiary qualifications through bursary and there are those employees who pursue those qualifications at their own expense, it has also been observed that no follow-up is made by the municipality to ensure that the employees are correctly placed and effectively utilised after the completion of their studies. All the above anomalies and /or omissions have to be addressed by the municipality if it is to retain and attract competent staff from the labour market. This Policy document seeks to address the problem of an exodus of key employees whose services are regarded as critical to the achievement of the municipality's mission.

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 who have scarce/ critical skills and/ or experience. The application of the various staff retention techniques will contribute to a more competent, motivated workforce and improved service delivery.

2. PURPOSE

The purpose of this policy is to prevent loss of competent employees from the Municipality which has the potential to delay priority programs of the municipality including service delivery.

3. OBJECTIVES

The objectives of this Policy are:

- a) To attract and retain competent employees;
- b) To retain key staff members whose services are regarded as mission critical
- c) To position the Municipality as the employer of choice;
- d) To help develop a skills base for succession planning;
- e) To create a conducive and harmonious working environment for employees of the Municipality;
- f) To reduce annual staff turnover rate; and
- g) To ensure utilization of human resources

4. SCOPE OF APPLICATION

This policy applies to all bargaining unit employees of Molemole Local Municipality irrespective of post-title or rank.

5 LEGAL FRAMEWORK

- a) Constitution of the Republic of South Africa; 1996
- b) Local Government: Municipal Systems Act, 2000;
- c) Labour Relations Act, 1995;
- d) Promotions of Administrative Justice Act, 2000
- e) Employment Equity Act, 1998;
- f) Skills Development Act, 1998;
- g) Municipal Finance Management Act, 2003;
- h) Bursary Policy– Molemole Local Municipality
- i) SALGBC Collective Agreements
- j) Recruitment, Selection and Appointment Policy of Molemole Local Municipality.

6 TIME-FRAMES

This policy will become effective upon adoption by Council but post inputs sourcing exercise from all relevant stakeholders. The Corporate services will be responsible to review the policy when the need arise or in not more than 36 months.

7 DEFINITIONS

- a. **Compensation** refers to all forms of financial returns, tangible services and benefits employees receive as part of an employment relationship and therefore includes both intrinsic and extrinsic rewards;
- b. **Exit interview** means an interview with a departing employee to identify reasons or basis for leaving the Municipality;
- c. **High Risk Skills** refer to skills that employees have who may soon leave. These include employees who have indicated need to leave the Municipality;
- d. **Staff Retention** refers to attracting employees to join the Municipality through focused recruitment and selection strategies, retention strategies including but not limited to counter offer of employment for employees who have been given improved employment offers by external institutions and keeping those who are already employed especially those whose skills are crucial to the Municipality;
- e. **Municipality** means Molemole Local Municipality;
- f. **Scarce Skills** refer to skills that are needed to realise the Municipality's goals and objectives, but which are difficult to recruit and expensive to replace
- g. **Competent employee** refers to an employee who is above board and who knows his or her job and performs it well
- h. The skills are identified by:
 - Analysing staff turnover;

- Considering acquisition trends in a particular job category; and
 - Understanding the Municipality's skills requirements and the competition for such skills in the labour market.
- i. **Valued Skills** refer to valued staff members who contribute positively and whose exit would have a negative impact on the Municipality's ability to meet its goals rather than in the scarcity of skills as such
 - j. **High flyers** are employees who are high performers and are ready for promotion by virtue of their commitment levels and outputs in their respective roles
 - k. **Critical / Scarce / Hot skills** - Employees with crucial rare expertise
 - l. **Potential for development** - Employees with potential for development must be placed on an accelerated development program.

8 PRINCIPLES

This policy is underpinned by the following principles:

- a) The policy should by no means be construed to be creating expectations for either promotions or monetary rewards and it should in no way be subjected to any form of abuse or to push personal interests by any stakeholder
- b) The culture of creating and sustaining a pleasant and humane working environment where employees are given a chance to thrive shall be a norm
- c) Honesty, transparency, equity and fairness
- d) Posts that require scarce skills shall be identified
- e) The Accounting Officer or his/her delegate shall utilize his/her discretion to determine the appropriate salary level for employees whose services are considered critical for the municipality's mission in-keeping with applicable Regulations, Circulars or Gazettes regulating salaries in local government.
- f) Job evaluation outcomes shall serve as the basis to determine the salary levels of posts.
- g) The culture of continually developing staff shall be maintained in line with the Skills Development and Performance Management System
- h) The culture of creating and sustaining a pleasant and humane working environment where employees are given a chance to thrive shall be emphasized
- i) The potential and reasons for leaving the municipality shall be determined by conducting exit interviews and staff morale assessment surveys
- j) Employees categorised as high flyers will be placed on the succession plan list, which will be utilised as a pool to draw from whenever vacancies arise. Human Resource Management will be the custodian of the succession plan list and will accordingly advise managers whenever a vacancy arises
- k) Employees categorised as in possession of "critical/ skills" will be identified
- l) Employees classified as "potential for development" will have a personal development programme aimed at specifically addressing and closing the skills gaps identified. Once the programme has been completed successfully these employees can be moved to the succession plan list.

9 ROLES AND RESPONSIBILITIES

9.1 Human Resource Manager

The roles and responsibilities of Human Resources Manager in achieving the purpose and objectives of this policy are to:

- a) Ensure that the criterion to determine the retention of staff is followed;
- b) Facilitate the development of appropriate policies, procedures and systems of human resources management that would guarantee equal employment opportunities; employee empowerment through training and skills development; good labour relations; and employee health, wellness and safety.
- c) Develop an effective human resource plan;
- d) Continually identify employees or categories of employees who might leave and whose departures would derail strategic objectives or have an immediate negative impact on operations ;
- e) Continually calculate and report on staff turnover costs;
- f) Constantly analyse and advise on skills demand and supply trends in the labour market;
- g) Constantly undertake benchmarking exercises and advise on approved human resources key factors; and
- h) Perform constant skills audit within the administration and develop interventions to address critical skills shortage.

9.2 Line Managers

Line Managers and HOD's are responsible for ensuring that their Departments do not lose competent, scarce skilled employees particularly with regard to those from designated groups and for this reason Managers should:

- a) Provide adequate induction and training as prescribed in the Municipality's Induction Policy;
- b) Apply human resources policies, procedures and systems fairly and consistently to all employees;
- c) Motivate employees and create an enabling environment for employees to perform;
- d) Understand and appreciate the employees preferences, what drives and motivates them;
- e) Empower employees by making them realize that they are not just a part of the organization but key stakeholders who should play an active role in the decision-making process; giving them challenging and meaningful work; implementing effective delegation; and by interfering minimally with employees in terms of how they do their job;
- f) Act in personally supportive way towards employees;
- g) Create an environment for their staff to consult and communicate on matters that affect them;
- h) Consult the Human Resource Manager for intervention once they identify employees in the scarce skills, valued skills or high risk skills categories manifesting intentions to leave the Municipality;
- i) Provide a safe and congenial work environment;
- j) Develop and implement team building exercises;

- k) Design flexible working arrangements to benefit both the employer and the employee and create a conducive work-life balance. Evaluation of individual commitment should be based on results achieved and not on hours put in; and
- l) Implement the Staff Retention Policy.

9.3 Municipal Manager

The Municipal Manager is responsible for:

- a. Approving the awarding of salaries within the approved salary range for the retention of employees with skills or experience in a scarce field and employees from designated groups as recommended by the Head of Department in accordance with HR guidance.
- b. Ensuring fairness in selection, appraisal, promotion, and redundancy procedure;
- c. Ensuring equity (internal and external) in the allocation of benefits;
- d. Providing equitable pay in relation to market values.
- e. Approving flexible working arrangements as and when it becomes necessary.

9.4 COUNCIL

The Council is responsible for:

- a) Recognising and rewarding special contribution or long service by employees;
- b) Providing support and job security to employees;
- c) Prescribing an organizational culture that secures the organizational and senior team quality, reputation, and integrity; and
- d) Prioritising and availing resources that meet the demands of all the jobs and ensure that the Municipality is technologically competitive;

10 POLICY DIRECTIVES AND PROCEDURES

10.1 Organisational and Job Previews

The Municipality shall ensure that its recruitment processes are highly transparent and informative to prospective employees so that they do not discover crucial information and regret their move immediately after appointment. This would include:

- a) Improving and updating website information about the Municipality so that prospective employees are able to familiarize themselves to the employment contract;
- b) Forwarding the HR Manual to the prospective employee with the letter offering appointment;
- c) Ensuring that new employees receive sufficient induction when they join the Municipality.

10.2 Career Development and Progression

Strategies shall be continually developed and revised to maximize opportunities for individual employees to develop their skills and move up in their careers and to this effect:

- a) The Municipality's recruitment strategies shall be biased towards internal promotions before external recruitment are considered;
- b) Where promotions are not feasible, sideways moves shall be considered to vary experience and make work more interesting

10.3 Staff Retention as Key Performance Indicator

Staff retention shall be made a key performance indicator for all line managers and to that effect:

- a) All line managers shall be trained in people management and skills development
- b) Line managers whose record at keeping staff is good shall be rewarded by including the subject in their performance contracts or appraisals;

10.4 Organizational/ Climate Survey

- a) Annually the Municipality will when circumstances so dictate or when the need arises conduct a survey on internal staff morale, profile and external market trends
- b) Results of this survey shall be used to review the Staff Retention Policy and set performance targets for the following year.

10.5 Employee Relations and Communications

The Municipality shall develop and regularly revise an internal communications policy or strategy that enables employees to promptly raise and resolve their frustrations. To this effect, the Municipality shall ensure that:

- a) All statutory consultative structures are established and supported to perform optimally;
- b) Regular appraisals are conducted; and
- c) Grievance systems are established and functional.

10.6 Compensation and Benefits

The Municipality will continually compare its compensation and fringe benefits with those of other municipalities, its size and strive to give equal or better offers in order to retain the skilled staff.

10.7 Salary progression

- a) The municipality recognize that all employees contributes to the entire value chain and as such staff retention is critical for continuity and institutional memory
- b) The employees who have diligently served the municipality for a period of 12 calendar months will be eligible to a 2.4% pay progression at their employment anniversary
- c) The percentage progression stated above is subject to budget availability

10.8 Bonuses (13th Cheque) for bargaining unit members

- a) An employee that leaves the Municipality before serving at least 12 months will get pro rata service bonus; refer to applicable legislation
- b) An employee has to serve in a post for at least 12 months before qualifying for a full bonus payment.

10.9 Incentives Plans

The Municipality shall develop and implement employee's performance management system policy to provide guidelines to reward outstanding performance.

10.10 Counter Offering

Should an employee be considered a scarce skilled, valued skill or high risk skill and such an employee wants to leave the employ of the Municipality because he/ she has been offered a better remuneration, a counter offer to retain him/ her shall be made subject to the following procedure:

- a) The individual must have received a bona fide offer of employment from another organization and confirmation of such an offer can be made without the employee's permission. The offer must be in writing and including a salary level;
- b) The individual must not have received a counter offer from the Municipality in the last twelve months;
- c) Submission for counter offering the employee with clearly defined financial implications shall be made by the Head of the Department who must verify the offer and provide a concise written justification/ full motivation, along with a copy of the offer letter to the Municipal Manager.
- d) If the Municipal Manager agrees to counter offering, he/ she shall approve the submission only if funds are available.

- e) Evidence providing that all other possibilities to recruit and retain the relevant employees, such as considering the working environment and career pathing must be recorded

10.11 DEMONSTRATION OF FAIRNESS

There should be clear demonstration that the decision will not create an anomaly or disparity compared to other employees. The municipality will have to be able to justify the awarding of higher salaries to other employees with similar competencies and skills. The principle of fairness and transparency must be adhered to.

10.12 ABILITY TO ENSURE SUSTAINABILITY

The department concerned must be able to demonstrate that it has sufficient budget funds for the MTEF, to sustain the increase.

10.13 GREATER VALUE FOR MONEY

The department concerned must work in a manner that will provide greater value for money. To that end, managers should reorganise work so that when an employee moves up a salary level her/his job increases in complexity and / or responsibility.

10.14 Exit Interviews

Should the employee's resignation be unavoidable, an exit interview shall be conducted

- a) The overall purpose of the interview shall be to improve the Municipality's staff retention interventions and therefore the interview should establish answers on the following areas, among other:
 - Resources, job information and training the exiting employee had been exposed to;
 - Job challenging and opportunities for advancement;
 - Relations with supervisors, co-workers and other departments;
 - Comfort and working conditions;
 - Municipality's policies (comments and suggestions)
 - Job security, salaries and fringe benefits
- b) An exit or post- exit interview or both shall be used;
- c) The Human Resources Manager may send over a post exit interview questionnaire to the former employee a few weeks after their departure;

- d) Results of the exit interview shall be timely communicated to the Municipal Manager and line managers concerned and if it deemed appropriate annually to the Council.

11 EVALUATION CRITERIA

This policy will be evaluated every year to establish the following:

11.1 Impact

The extent to which the Policy's desired results shall have been achieved.


11.2 Responsiveness

Whether the policy, as it stands, is able to address the initially identified problem.

11.3 Applicability

Whether the Policy is still worth having.

APPROVAL

| | |
|-----------------------------------|--|
| Signature |  |
| Initials & Surname | M. E DAJA |
| Designation | MAYOR |
| Council Resolution Number: | 02/7.1.2/27/05/22 |
| Council Date | 29 May 2022 |