INTERNAL POLICY

MOHOKARE LOCAL MUNICIPALITY	
SUBJECT: STAFF RETENTION POLICY	**POLICY NO:**
DIRECTORATE: CORPORATE SERVICES	**COUNCIL ITEM:**
DATE APPROVED:	
EFFECTIVE DATE:	

1. INTRODUCTION

It is important for Mohokare Municipality to have a Staff Retention Policy. This is so because Mohokare is a small Municipality and may lose competent and qualified staff to bigger Municipalities and the Private Sector. It is not only important for Mohokare to retain staff but it is also important for it to attract new talent. The geographic location of Mohokare Municipality does not help much in attracting and retaining competent and qualified staff who would otherwise prefer to work in other more attractive geographic locations both within and outside the Free State Province.

2. DEFINITION OF STAFF RETENTION

The contextual definition of staff retention is to attract employees to join Mohokare Municipality through an open process of recruitment and to retain those who are already employed by Mohokare Municipality. An emphasis is placed here on employees who possess skills and competencies that are scarce and crucial to Mohokare Municipality.

3. OBJECTIVES OF THE POLICY

The objective of the Staff Retention Policy is to achieve the following:

3.1. To position Mohokare Municipality as a competitive employer and an employer of choice;
3.2. To create a conducive working environment for all staff of the Mohokare Municipality;
3.3. To contribute to the health and wellness of all staff;
3.4. To reduce staff turn-over rate;
3.5. To provide training of staff; and
3.6. To retain competent, experienced; qualified and scarce staff.

4. LEGISLATIVE FRAMEWORK

This Staff Retention Policy must be read together with the following pieces of legislation:

4.1. Employee Benefits Policy of Mohokare Municipality;
4.2. Human Resources Training and Development Policy of Mohokare Municipality;
4.3. Employment Equity Act 55, 1998;
4.4. Labour Relations Act, of 1995;
4.5. Employment Equity Plan of Mohokare Municipality;
4.6. Skills Development Act 97, 1998; and
4.7. Skills Development Plan of Mohokare Municipality.

5. PRINCIPLES UNDERPINNING THE STAFF RETENTION POLICY

The following Principles underpin the Staff Retention Policy:

5.1. The policy is developmental oriented rather than focusing on individual interests;

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

5.3. Job evaluation outcome shall serve as the basis to determine the salary levels of the posts;

5.4. The culture of continuous staff training shall be maintained in line with the Skills Development Act and Mohokare Municipality Performance Management System (PMS) policy;

5.5. The potential reasons for leaving the municipality shall be determined by exit interviews and staff morale surveys;

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

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

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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. BROAD RETENTION CHALLENGES

There are a number of reasons why employees leave their employment in general and Mohokare Municipality in particular. These can be categorized as unavoidable and avoidable reasons or factors.

7.1. Unavoidable factors

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

7.2. Avoidable factors

The avoidable factors include factors such as financial considerations; work environment; career development; resistance to change; Internal Mobility and Job hopping and Leadership and management style:

7.2.1. Financial considerations

Many employees decide to resign from their organisations 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 poach staff. The Municipality's Human Resources manual makes provision for a counter offer for purposes of retention.

7.2.2. 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.

7.2.3. 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 can make provision for career development in the form of bursaries and training.

7.2.4. 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, and
- General mistrust.

Mohokare 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.

7.2.5. 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.

7.2.6. 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 centered, 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.

8. 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 Mohokare Municipality can take to encourage its staff to stay. This include amongst others the following:

8.1. 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.

8.2. 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. Mohokare 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. Mohokare Municipality must introduce other means of rewarding satisfactory performance other than monetary terms such as awarding certificates of recognition.

8.3. 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.

8.4. 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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8.5. 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 which include other municipalities and the private sector.

8.6. Introduction of rank insignia

The rank insignia system is generally applicable to law enforcement officers. The main aim of rank insignia system is to allow for proper chain of command and delegation of authority. The municipality must introduce a system of rank insignia to allow for upward mobility. The following ranks must be introduced.

8.6.1. Grade 1 which is an entry level;

8.6.2. Grade 2 which is for those employees who have two years of service with the Municipality;

8.6.3. Grade 3 those with three years and above of service. There should be two salary notches between the grades.

9. CLASIFICATION OF SKILLS

Classification of skills can be used for the purpose of retaining skills that are needed to realise the municipality goals and objectives which are difficult to recruit and expensive to replace. For instance, a particular skill may be in short supply while other skills 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; and

- Understanding the municipality's skills requirements and the competition in the labour market.

9.1 Scarce skills

The following job categories in Mohokare 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:

9.1.1. Engineering;
9.1.2. Technical Skills; and
9.1.3. Technical skills.

9.2. 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 categorised as valued skills:

9.2.1. Accountancy;
9.2.2. Planning;
9.2.3. Auditing;
9.2.4. Human Resources Management;
9.2.5. Legal profession; and
9.2.6. Payroll Administration.

9.3. 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:

9.3.1. Law enforcement; and
9.3.2. IT specialists.

10. INTERVENTIONS TO RETAIN STAFF

Interventions to retain staff can be most effective if:

- They are aimed at specific circumstances or skills group; and
- 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:

10.1. Recruitment and Selection process

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

10.2. Effective Induction methods

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

10.3. Human Resources Development

Training of employees is essential and creates confidence. Training should be accompanied by contractual binding employees to serve the municipality for certain period after completion of training.

10.5. PMS

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

10.6. Counter offering

Although Management has very little flexibility on how employees are paid as a result of central collective bargaining, 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:

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

10.6.2. 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;

10.6.3. Line Managers should consult Corporate services for intervention once they identify workers in the classified skills showing intention to leave;

10.6.4. 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;

10.6.5. 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;

10.6.6. Counter offer will only apply to positions on salary levels 8 to 1; and

10.6.7. 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. The following guideline should apply in terms of the counter offer notches:

> **SALARY LEVELS NOTCH LEGS**
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> Scarce Skills 08 to 01 02;
> Valued Skills 08 to 01 01; and
> High risk Skills 08 to 01 02

11. STAFF RETENTION MANAGEMENT IN THE MUNICIPALITY

Corporate Services should involve all Managers and Divisional 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:

11.1. Assessing staff morale

Corporate Services must bi-annually assess staff morale to find out how employees feel about the Municipality and their Managers and nature of their work.

11.2. 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 intend to resign and the results of the interviews should be analysed and feedback should be given to the Line Managers as soon as possible.

11.3. Interview candidates who turn down our job offer

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

11.4. Keep staff statistics

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

11.5. 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.

12. 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.

13. EFFECTIVE DATE

This policy shall become effective upon approval by council.