



MKHAMBATHINI LOCAL MUNICIPALITY
RETENTION POLICY

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1. INTRODUCTION

1.1. The Mkhambathini Municipality values its staff members and recognizes their vital contribution to its success.

1.2. The Mkhambathini Municipality acknowledges the value of retaining employees within the municipality, especially employees with valued or needed skills or experience in critical fields.

1.3. The Mkhambathini municipality recognizes that in order to retain staff, it is necessary to create an environment which in which staff members are not only allowed to succeed in their jobs, but also to grow and achieve their aspirations.

1.4. The Mkhambathini Municipality has, therefore, adopted this policy, which is calculated to establish, to develop and to sustain such an environment.

2. OBJECTIVE OF POLICY

The objective of this policy is to establish an environment which will best ensure the retention of employees within the municipality so as to enable the Municipality to fulfill its functions. Policies related to this policy:

- Human Resources Training and Development
- Employment Equity Act 55, 1998;
- Labour Relations Act, of 1995;
- Employment Equity Plan

3. APPLICATION OF POLICY

This policy applies to all employees of the Mkhambathini Municipality

4. GOALS

4.1. This policy is predicated on the achievement of 7 different but related goals, namely:

4.1.1. Increasing trust between management and staff.

4.1.2. Ensuring adequate resources for workload.

4.1.3. Hiring competent people.

4.1.4. Creating a learning environment.

4.1.5. Improving the flow of information.

4.1.6. Identifying and addressing, on an ongoing basis, the causes of staff losses.

4.1.7. Retaining the services of staff deemed to be critical to the operation of any aspect of the operation of the Municipality.

5. DEFINITIONS

5.1. DEFINITION AND APPLICATION OF RETENTION PRINCIPLES:

The definition of retention has two meanings: "to hold or keep in possession" and "to engage the services of". The traditional focus has been to hold or keep rather than to engage a service. High-value employees want to be "engaged" and not "kept".

Municipalities need to shift their thinking and focus on what needs to be done to help employees become fully engaged in the services of the municipality. Municipalities will in keeping with the objectives of this strategy make every effort to retain employees by top skilling and exposing them to a new set of ideas and technology.

Staff retention focuses on attracting employees to join an organisation through recruitment and selection strategies and keeping those who are already employed. especially those whose skills are crucial to the organisation as opposed to ordinary/ dictionary definition.

5.2. DEFINITION OF SCARCE SKILLS:

- 5.2.1. The Department of Labour defines scarce skills as an absolute or relative demand.
- 5.2.2. Absolute scarcity refers to suitably skilled people who are not available in the labour market.
- 5.2.3. Relative scarcity refers to suitably skilled people who are available in the job market, but they do not exhibit other employment criteria.

6. SCARCE SKILLS AND CRITICAL SKILLS

- 6.1. The municipality must be able to identify posts to be classified as either scarce skills posts or critical skills posts.
- 6.2. Scarce skills can be further defined as Absolute Scarce Skills and Relative Scarce Skills, **Absolute Scarcity**: Suitably skilled people are not available in labour market due to new emerging markets, new occupations or no people enrolled or engaged in the process of acquiring skills

Relative Scarcity: Suitable skills available in the market but the following make it difficult to attract namely: no high-level work experience, geographical location, and/or employment equity. Critical skills are not necessarily those classified as absolute and relative scarce skills but are those skills that are important in the municipality to deliver services to the community.

7. COMMITTEE TO IDENTIFY POSTS

- 7.1. The municipality must establish a committee to be known as the Scarce Skills/Compensation Committee in terms of section 79 of the Local Government: Municipal Structures Act, 1998 (Act No. 117 of 1998) to monitor the implementation of the approved staff attraction and retention strategy and plan to consider all issues relating to the classification of posts into the categories of absolute, relative and critical skills within the municipality and the payment of any allowance.
- 7.2. The committee will consist of at least 2 (two) Section 56 Managers, one Manager below these Managers and the Human Resources Manager. (It would be advisable to include union representatives as members of the committee as observers. The LLF also has a role to play in this exercise.)
- 7.3. This Committee will be an advisory committee to the Municipal Manager who will take the final decision to classify a post as scarce or critical skills. (These posts must also be included in an amended organogram.)

8. CRITERIA FOR DETERMINING SCARCE AND CRITICAL SKILLS

- 8.1. Application for the determination of a post as a scarce or critical skills post will be done by formal application by the relevant Section 56 Manager (departmental head) to the Scarce Skills/Compensation Committee.
- 8.2. The following must have been complied with in terms of any application:
 - 8.2.1. Application must be by submission of a written report to the Committee.
 - 8.2.2. The evidence to be submitted must satisfy the following:
 - (a) The posts must have been advertised on at least two occasions including once nationally,
 - (b) Evidence of a shortage of the skills /qualifications in the national market and reasons why these employees are being lost,
 - (c) Evidence of recruitment strategies that were utilized to source staff for these posts for example advertising in national media, professional journals, recruitment agencies, universities, professional bodies, institutions.

- (d) Evidence that the department has implemented special programmes such as a contractual bursary scheme, a mentorship program or implemented special plans to address the scarce skills shortage,
- (e) Turnover rate of employees in an occupation must be at least 10% higher than the average turnover rate of employees in the municipality,
- (f) The demand for a skill should outweigh supply,
- (g) The skills should require an advanced knowledge in a field/science or learning by a prolonged course or study and or special instruction and or years of service.

9. OBJECTION TO CLASSIFICATION OF POST

- 9.1. Prior to the Scarce Skills/Compensation Committee advising the Municipal Manager of posts to be classified as scarce or critical skills such proposed classification shall be submitted to the Departmental Heads who may raise an objection to the post being classified as a scarce or critical skills post.
- 9.2. The Municipal Manager will finally decide on the classification of a post as a scarce skills post if no consensus is reached between the Scarce Skills/Compensation Committee and the relevant departmental heads who raised an objection.

10. REASONS WHY EMPLOYEES LEAVE

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

- Financial consideration,
- Work environment,
- Career development,
- Lack of benefits,
- Resistance to change,
- Internal mobility and job-hopping,
- Leadership and management style,
- Lack of effective communication, and
- Political interference in administrative responsibilities of employees.

11. STRATEGIES ON STAFF ENGAGEMENT AND RETENTION

11.1. According to best practises there is no “one- size- fits- all” retention strategy but these are

examples of successful retention strategies that the municipality should embark on:

- (a) **Availability of adequate resources to meet the demands of the job,** it is of high importance that the municipality be readily available with the resources to meet the demands of the job. To work in an environment that does not provide tools for the execution of the duties is highly stressful, demotivating and leads to a lack of enthusiasm.
- (b) **Employee empowerment through training and skills development to meet the job requirements:**
 - It is the duty of the employer to train its staff in order to enhance its performance.
 - Training needs and areas of development for an employee must be assessed and must be included in the personal development plan of individual staff.
 - Addressing scarce skills through learnership programmes, i.e. certificate in Local Government Accounting.
- (c) **Culture of ownership** – where employees feel part of the organisation:
 - Employees want to be part of the success of the municipality. Involvement empowers people to perform at higher levels.
 - Information sharing and requesting the opinions of the employees keeps everyone involved in major decisions and changes.
 - Each department will have a monthly or bi-monthly departmental meeting.
- (d) **Provision of challenging work:**
 - Employees are likely to leave for a job that provides more opportunity for growth and excitement.
 - Each department should motivate and utilize scarce skilled employees to the best of their ability.
 - Employees should be given the opportunity to articulate what they would like to achieve for the department.

- (e) **Opportunities for the individual and teamwork:**
- Employees must be encouraged to work individually and also to work in a team.
 - It is the duty of the Manager or Supervisor to ensure that the department embarks on team building exercises.
- (f) **Rewarding good work:**
- Motivate employees with great relationships with their managers, appreciation and recognition for their efforts.
 - Continue to recognize and reward employees, even when financial rewards are not possible.
 - Recognition and rewards for good performance should be introduced, such as a day off, when monetary reward is not a possibility.
 - Departments should also write letters of appreciation to their staff on a regular basis.
- (g) **Wellness Centre for the municipality:**
- Offering municipal employees wellness programmes that are suitable and address their needs.
- (h) **Bridging programmes:**
- Bridging programmes should be implemented, where possible, to address the relevant skills shortages. Such programmes should assist employees into higher education in order that they may acquire the necessary qualifications.
- (i) **Succession Planning:**
- A focused succession plan must be put in place within those departments where the scarce skills are experienced.
- (j) **Woman and Youth:**
- Special attention should be given to prioritising woman and youth employment in scarce skills posts.

12. REMUNERATION OPTIONS

- 12.1. Where an employee with designated scarce or critical skills receives a written employment offer and is not in receipt of a scarce skills allowance, the departmental head may recommend to the Scarce Skills/Compensation Committee the granting of additional notches within his/her post level to retain such employee.
- 12.2. All posts classified as scarce or critical skills posts will be paid a non-pensionable scarce /critical skills allowance to the maximum value of 10% of the top notch of the current task evaluated annual salary payable in monthly increments.
- 12.3. The allowance will not be taken into consideration when determining any benefits, pension, medical aid, car allowance, acting allowance or payment of overtime etc.

13. TERMINATION OF ALLOWANCES

- 13.1. The letter of appointment of the employee must stipulate that the allowance may be terminated in the following circumstances:
 - (a) If the post is no longer classified as a scarce or critical.
 - (b) If the employee is transferred or promoted to a post which is not classified as scarce or critical.
 - (c) If the post is upgraded in terms of job evaluation.
- 13.2. The allowance will be terminated by giving 3 months' notice in respect of date of promotion, transfer or job evaluation upgrading implementation.

14. EXIT INTERVIEWS

- 14.1. It is advisable for the municipality to conduct exit interviews with all exiting employees to determine the reasons why employees leave the service of the municipality.

Approved by Resolution Number LC9.6 on the 30th day of June 2021.