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Department:  
Public Service and Administration  
REPUBLIC OF SOUTH AFRICA

# RECRUITMENT AND RETENTION IN THE SA PUBLIC SERVICE: COMPENSATION STRATEGIES

# OUTLINE OF PRESENTATION

- Introduction
- Personnel Expenditure Review
- Management framework for staff retention
- New remuneration policy for the public service
- Turnover rates
- Benefits and Allowances
- Further considerations
- Conclusion

# INTRODUCTION (1)

- RSA Government faces significant challenges on many fronts.
- Most significant include serious skills shortages, impact of HIV and AIDS, globalisation , ‘brain-drain’ and the ‘skills flight’ phenomena and the increased mobility of staff.
- New, innovative practices are required to recruit and retain public officials in preparation of the ‘new’ environment and requirements of Government.
- Recruitment and retention practices should be properly integrated and aligned with departmental priorities into organisational settings, strategic objectives, service delivery and equity targets.
- It should be aligned with strategies to address skills shortages and to develop and capacitate existing staff



# INTRODUCTION (2)

- Survey conducted by United Nations suggests that reform in public service is greatly affected by constraints in recruiting and retaining high-quality personnel.
- The main factors that may contribute to this phenomenon include:
  - a loss of pride within and credibility outside the public service;
  - brain drain to the private sector and to more economically advanced countries due to better salaries and career opportunities; and
  - a gradual decay of national governance structures and support mechanisms.
- Nations that fail to compete successfully in the global war for talent are likely to suffer dire consequences, those that excel will be well positioned to succeed.



# INTRODUCTION (3)

- Challenges faced by public service to attract, recruit and retain staff is multi-faceted – it requires an integrated approach – much more than just increasing the salaries of public servants.
- We will focus on key monetary (remunerative) initiatives that were introduced in the RSA public service to strengthen the management of compensation in the public service.
- We will allude to some of the other human resource management interventions



# PERSONNEL EXPENDITURE REVIEW 2006 (1)

- The objectives of the PER were to –
  - Reflect on progress made since 1999
  - Analyse key employment and personnel expenditure trends
  - Review the current Public Service remuneration framework
  - Submit recommendations to inform the development of new remuneration policy framework for the Public Service.

# PERSONNEL EXPENDITURE REVIEW 2006 (2)

## KEY RECOMMENDATIONS

- Equal pay for work of equal value
- Broad occupational differentiation in pay
- Position on degree of market relatedness required
- Greater degree of performance related pay
- Remuneration of professionals, specialists and scarce skills occupations a priority



# MANAGEMENT FRAMEWORK FOR RETENTION

- Retention is not a new responsibility for departments
- Policies and regulations provide for retention and flexible regulatory environment
  - Award a higher salary to recruit or retain an employee with the required skills.
  - Reward (either financially or in some other way) for good performance and valuable suggestions or improvements.
  - Deploy employees to other posts horizontally if this addresses their career development expectations
  - Grant special leave for developmental purposes (i.e example exams and study).





# REMUNERATION POLICY (1)

- Is remuneration policy able to keep the workforce motivated and productive?
- Is remuneration policy aligned to skills and competencies?
- Is remuneration policy enhancing career progression of professionals?
- Is remuneration policy facilitating the attraction and retention of skills?

# REMUNERATION POLICY (2)

- Is performance-based remuneration system working?
- Is human resource management framework creating inflexibility in attracting and retaining skills?

# REMUNERATION POLICY (3)

- Government has become uncompetitive in remunerating certain professionals – unable to attract and retain them.
- There is room to raise the salaries of professionals, increase employment numbers and provide more generous performance incentives.
- This means that for some employees, salaries can only rise by about inflation plus a minimal real increase, while for others; salary increases should increase by a higher rate than inflation.



# REMUNERATION POLICY (4)

- Research suggests that entry level salaries of professionals in the public service is fairly high when compared to the private sector
- The challenge faced by the public service, is not attracting skills/ new professionals, but retaining them
- This is due to a lack of well-defined career pathing, once the individuals have gained enough experience.
- Remuneration can only solve a subset of the challenges – a comprehensive approach to attraction, recruitment and retention is required.



# VISION

**To improve the Public Service's position to become an employer of choice by attracting and retaining sufficient numbers of employees with the required competencies, and motivating such employees, with the view to improve service delivery within the context of a developmental state**



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# STRATEGIC OBJECTIVES (1)

- Positioning the Public Service as an “Employer of Choice”
- Raise public service performance without increasing the wage bill as a share of GDP
- Introduction of performance based remuneration systems
- Introduction of Occupation Specific Dispensations
- Introduction of career pathing dispensations



# STRATEGIC OBJECTIVES (2)

- Introduction of effective HR support systems
- Introduction of effective and responsive governance, oversight, monitoring and evaluation arrangements

# OCCUPATION SPECIFIC DISPENSATION (1)

- A big challenge is to competitively remunerate the diverse occupational categories.
- Absence of adequate career pathing and promotion have aggravated the situation.
- A key focus over next few years will be to develop and introduce occupation specific dispensations with the aim to attract and retain skilled employees



# OCCUPATION SPECIFIC DISPENSATION (2)

- The occupation specific dispensation entail –
  - Unique salary structures per occupation
  - Centrally determined grading structures and broad job profiles
  - Career pathing based on competencies, experience and performance
  - Pay progression within the salary levels for identified occupations
  - The alignment of remuneration per occupation with market trends where necessary (competitive salaries)
  - Grade progression without competing for vacancies or promotion to higher posts



# OCCUPATION SPECIFIC DISPENSATION (3)

- Based on the correct grading of positions derived from centrally determined benchmark job descriptions
- Centrally determined salaries attached to each of the identified grades (supply and demand factors)
- Centrally prescribed skills/competency requirements
- Clear career paths and grade progression
- Improved compliance by departments
- Curtail job hopping between departments (in the same occupation)

# OCCUPATION SPECIFIC DISPENSATION (4)

- OSD provides for dual career pathing models – ensures that salaries of professionals increase to similar or higher salaries than managerial/ supervisory posts.
- Such a model is not an automatic salary increase, but forward looking plan to systematically increase salaries after pre-determined periods based on specific criteria such as performance, qualification, experience, etc.
- Entails progression to higher salary levels without competing for vacancies or promotion to higher vacant positions
- Will provide for accelerated progression at production levels to higher grades for employees who consistently perform above average



# OCCUPATION SPECIFIC DISPENSATION (5)

- OSDs have been developed and implemented for Nurses, Educators and legally qualified employees.
- OSDs will also be developed and implemented in the next few months for-
  - Social Workers,
  - Medical Doctors, Dentists, Medical/Dental Specialists, Pharmacists, and Emergency Medical Services personnel,
  - Correctional Officials, and
  - Engineers, Architects, and other identified professionals.



# TURNOVER RATES (1)

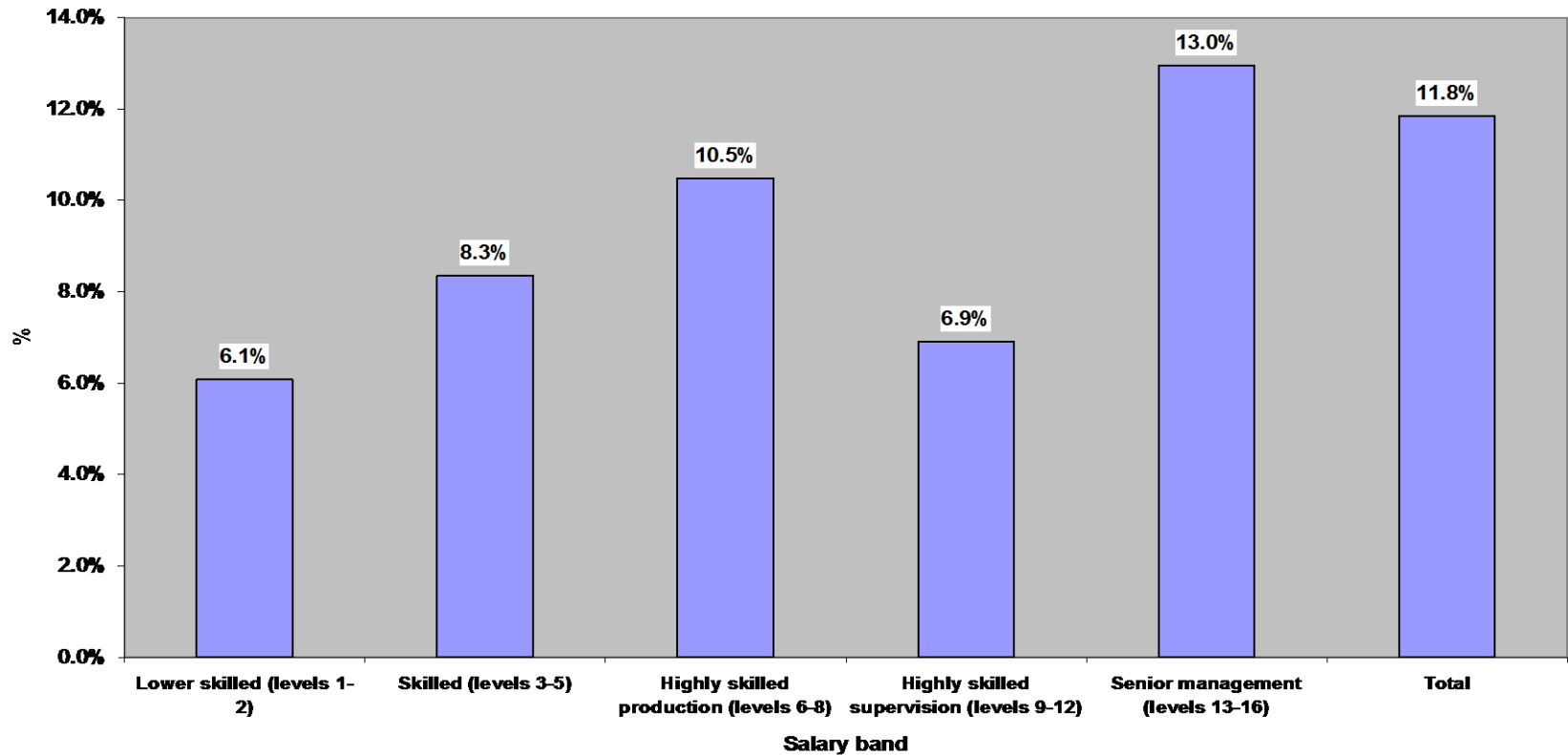
- Turnover rates for professionals and managers are consistently higher than the rest of the Public Service.
- The higher the salary the higher the turnover - confirms the inability to retain professionals and managers
- Interesting observation is the lower rate amongst level 9 to 12 – could be attributed to the introduction of the all-inclusive packages for middle management and the prospects of promotion into the senior management.



# TURNOVER RATES (2)

Turnover rate by Salary band

June 2008

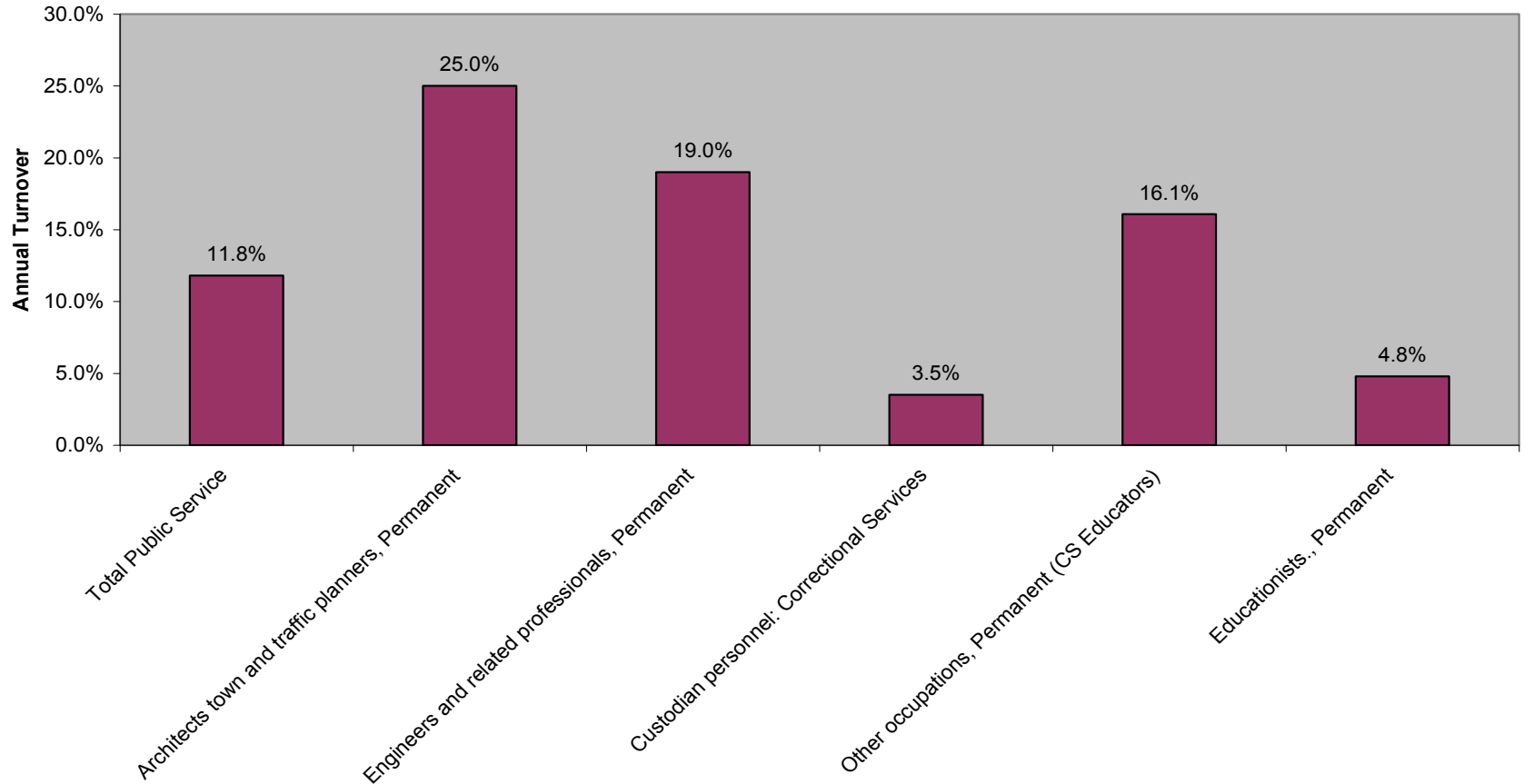


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# TURNOVER RATES (3)

Turnover within OSD Occupations  
June 2008



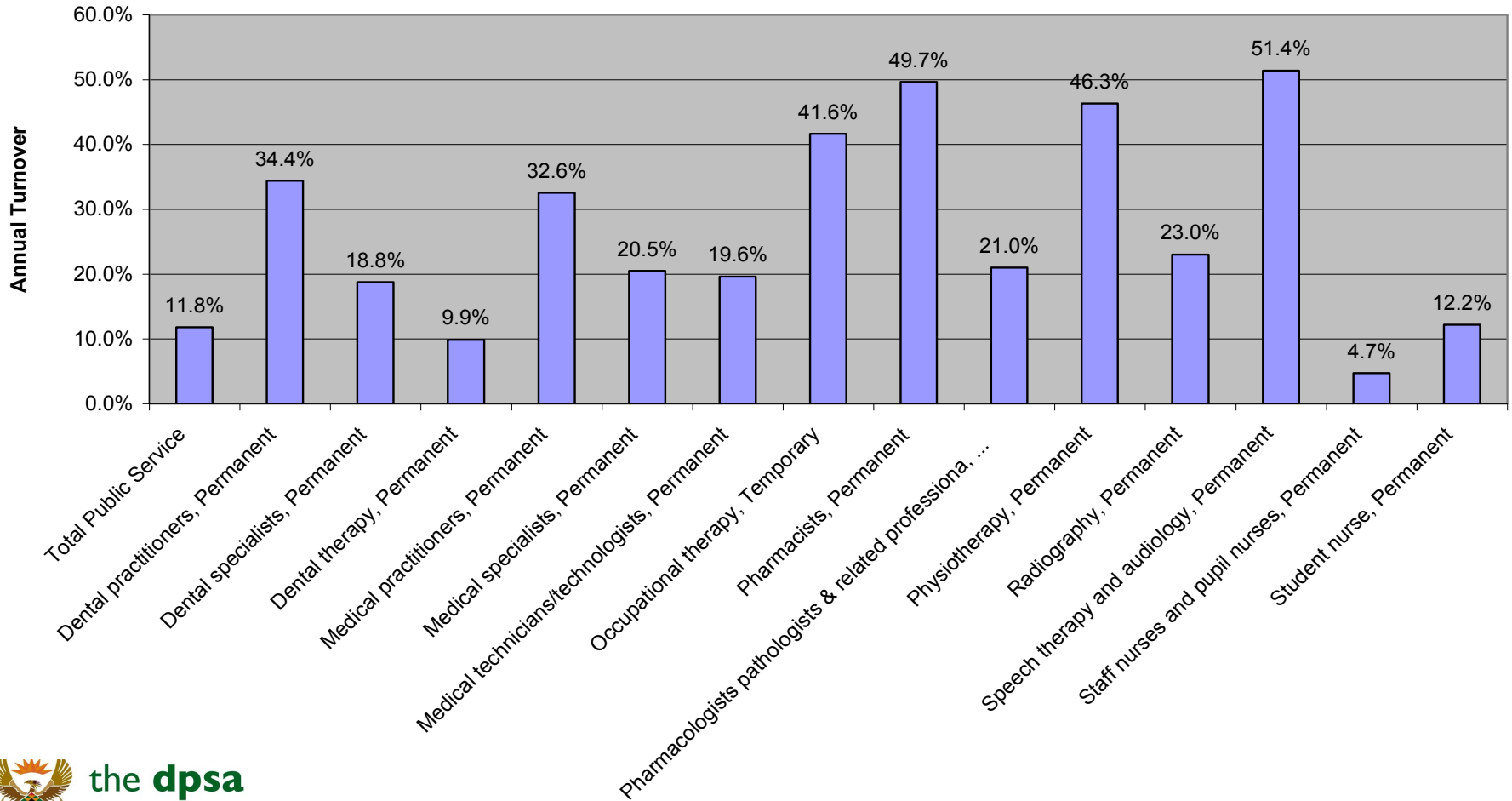
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# TURNOVER RATES (4)

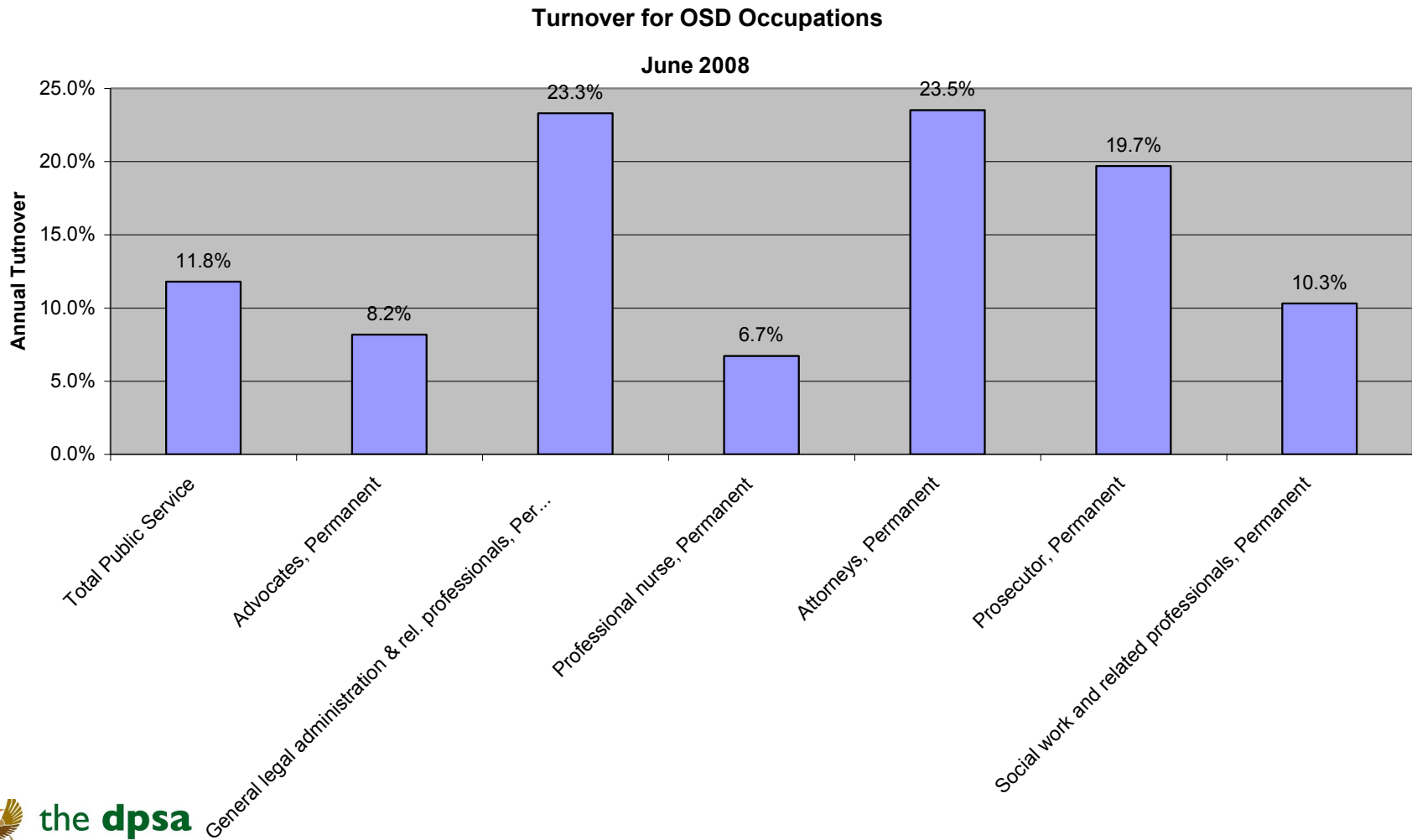
## Turnover for Health OSD Occupations

June 2008





# TURNOVER RATES (5)



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# SENIOR MANAGEMENT SERVICES (1)

- The Senior Management Service (SMS) dispensation was established to implement a modern and flexible dispensation with view to recruit and retain senior managers
- Aimed at external equality with market in order to retain and recruit skilled personnel
- Traditionally, government has had a flat pay slope
- This could be explained by ‘calling’ to serve the nation
- The debate is the extent to which government wish to lag the market



# SENIOR MANAGEMENT SERVICES (2)

- It was decided that government should close the salary gap with market
- Approved that the salaries will be pitched at a certain percentile of the market – new salary scales was implemented on 1 September 2008
- To enhance productivity and to strengthen the link between remuneration and performance, a variable pay system for senior managers will be implemented
- This ‘Risk pay’ will be based on performance and the person meeting the qualifying criteria



# SENIOR MANAGEMENT SERVICES (3)

- Assessment will, inter alia, be linked to a combination of institutional and individual performance
  - Heads of Department and Deputy Directors-General -  $\pm 80\%$  of variable pay linked to institutional performance and  $\pm 20\%$  personal performance.
  - Chief Directors and Directors –  $\pm 30\%$  linked to institutional performance,  $\pm 50\%$  linked to component/unit performance and  $\pm 20\%$  to personal performance.



# BENEFITS AND ALLOWANCES (1)

- The public service offers a range of competitive benefits, especially the pension and medical assistance benefits.
- This is a competitive advantage in the attraction and retention of employees
- The current limitation is that the value of benefits are not communicated and promoted to ensure that existing and potential employees have an appreciation of the value



# BENEFITS AND ALLOWANCES (2)

- Strengthening of benefits-
  - Full compliance with BCEA – overtime and definition of remuneration
  - Improved medical benefit in terms of Government Employee Medical Scheme (GEMS), and increase in the medical subsidy
  - Reviewing long service recognition and improved qualifications of employees

# FURTHER CONSIDERATIONS

- Revolving Door (Sabbatical) for senior managers
- Sustainable Pools
- HRD Strategy
- Work Environment
- Resourcing of institutions
- Leadership/ Management styles



# THANK YOU