ATTRACTIONG & RETAINING SCARCE IT SKILLS
Skills Shortages

- The rate of change vs. the number of ITC graduates
- Playing field is constantly changing - business analytics, mobile computing, cloud computing and social business
- Skills are portable - and globally in demand
- Companies are importing contractors to meet deadlines
- Current IT skills shortage
  - Over 100 000 in manufacturing sector (growth area)
  - Approximately 25% skills shortage
The playing field

- Skilled employees are in short supply globally
- Technical skills such as IT are under greater pressure
- The rate of change is speeding up rather than slowing down
- Change in organisations requires input from a systems and processes perspective
- The number of graduates and their skills set are not sufficient to meet this demand
- So there is increased competitiveness to Attract, Motivate and Retain skilled IT professionals
Objectives with regards to skilled professionals

Your organisation must have three strategies in place:

- An **ATTRACTION** strategy- how do I get them in?
- A **MOTIVATIONAL** strategy- how do I get the best from them?
- A **RETENTION** strategy- how do I keep them?

THE FIVE STEPS TO ACHIEVE AMR:

- Climate
- Employee Value Proposition
- Pay for Performance
- Career Pathing
- Non cash items
The Starting Point - Total Reward Approach

TOTAL REWARDS STRATEGY
- Remuneration
- Benefits
- Work-Life
- Performance & Recognition
- Development & Career
- Opportunities

Attract
Motivate
Retain

Employee
- Satisfaction & Engagement

Business
- Performance & Results

Organisational Culture
Business Strategy
Human Resource Strategy

REF: W@W 2008
Top 10 Reward Factors

1. Total Reward Approach
2. Employee Engagement and EVP
3. Linking Pay to Performance
4. Career Pathing
5. New Long Term Incentives
6. Remuneration Retention Trends
7. Governance
8. More Flexibility and Reward preferences
9. Setting Non-Executive Director (NED) Pay
10. Branding
STEP 1: Create the Organisational Climate

- Employees are more selective about the organisations they join
- The employee joining now has different requirements to those who joined ten or twenty years ago
- So the attraction factor now needs to be broader than offering the best remuneration
- We need to focus on the organisational climate whole rewards programme
- We need to talk and engage with our people to create the culture - employee satisfaction surveys etc
STEP 2: Employee Engagement & EVP

- Engagement
- Advocacy
- Commitment
- Motivation
- Satisfaction
Six Categories Drive Employee Engagement

**People**
- Senior Leadership
- Manager
- Coworkers
- People Focus
- Customers

**Total Rewards**
- Pay
- Benefits
- Recognition

**Company Practices**
- People/HR Practices
- Managing Performance
- Brand Alignment
- Organization Reputation

**Work**
- Work Tasks
- Sense of Accomplishment
- Resources
- Work Processes

**Opportunities**
- Career Opportunities
- Learning and Development

**Quality of Life**
- Work/Life Balance
- Physical Work Environment
# THE EVP MODEL

## Organisation Strategy

## HR Strategy

## Employee Value Proposition (EVP)

This is what makes our organisation the preferred employer

### 5 Important Pillars (Adapted specifically for you)

<table>
<thead>
<tr>
<th>REMUNERATION</th>
<th>PERFORMANCE FEEDBACK</th>
<th>CAREER &amp; DEVELOPMENT</th>
<th>WORK ENVIRONMENT</th>
<th>INSPIRATIONAL LEADERSHIP</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Tickets to the game</td>
<td>• How am I doing</td>
<td>• I know where I am</td>
<td>• Stimulating</td>
<td>• Leading and Managing</td>
</tr>
<tr>
<td>• Has to be right</td>
<td>• Development</td>
<td>• I am going</td>
<td>• Tele commuting</td>
<td>• Training</td>
</tr>
<tr>
<td>• Flexible</td>
<td>• Control over</td>
<td>• Growth of portable</td>
<td>• Work life balance</td>
<td>• Development</td>
</tr>
<tr>
<td>• Internal &amp; External</td>
<td>performance</td>
<td>• skills</td>
<td>• HR policies</td>
<td>• Dual career paths</td>
</tr>
<tr>
<td>equity</td>
<td>• Link to pay</td>
<td>• Vertical &amp; Horizontal</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

### ATTRACT

### MOTIVATE

### RETAIN

### ENJOY

### INSPIRE

Engagement Index (EI) – how do we compare to the National Index?
# Employee Engagement: The Big 5

<table>
<thead>
<tr>
<th>Employee Engagement</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Recognise and reward superior performance</td>
</tr>
<tr>
<td>2. Establish a learning environment</td>
</tr>
<tr>
<td>3. Create knowledge sharing</td>
</tr>
<tr>
<td>4. Manage the culture of change</td>
</tr>
<tr>
<td>5. Provide opportunities to grow and develop</td>
</tr>
</tbody>
</table>
Reasons people stay from survey data

- The organization I work for
- My boss
- My working environment
- Recognition
- Feeling of achievement
- Position of power
- Status
- Peers
- Work schedule
STEP 3: Pay for Performance

- Pay is important
- You need to have a ticket to the game
- But remuneration is only 25% of the stay decision
- “My pay- my way” philosophy
- Remuneration must be market related
- Differential pay strategies per skills set
  - Critical skills
  - Scarce skills
  - Performers
  - Core
  - Support
## Reward categories influencing attraction, motivation and retention of employees

<table>
<thead>
<tr>
<th>Category</th>
<th>Attract</th>
<th>Retain</th>
<th>Motivate</th>
</tr>
</thead>
<tbody>
<tr>
<td>Monthly Salary/guaranteed remuneration</td>
<td>73.5%</td>
<td>19.7%</td>
<td>9.8%</td>
</tr>
<tr>
<td>Variable Pay</td>
<td>5.4%</td>
<td>22.1%</td>
<td>29.7%</td>
</tr>
<tr>
<td>Benefits</td>
<td>3.1%</td>
<td>7.0%</td>
<td>1.8%</td>
</tr>
<tr>
<td>Performance &amp; career management</td>
<td>8.9%</td>
<td>27.0%</td>
<td>34.3%</td>
</tr>
<tr>
<td>Quality of work environment</td>
<td>1.8%</td>
<td>3.3%</td>
<td>6.2%</td>
</tr>
<tr>
<td>Work/home integration</td>
<td>7.3%</td>
<td>20.9%</td>
<td>18.1%</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>100%</td>
<td>100%</td>
<td>100%</td>
</tr>
</tbody>
</table>

Source: Bussin and Nienaber
The IT industry has positioned its market worth very effectively

IT skills are viewed as scarce and business critical

However, the entry level positions are in line with other similarly graded positions in the market

The differential in terms of remuneration is evident from a D band upwards
  - Examples would be SAP Consultants, Business Analysts, IS Managers, Systems Specialist

Comparisons between national market TGP/Producer Services/IT shows a clear differential in remuneration

Dual career paths are popular to ensure retention and remuneration flexibility
Perceptions are the key

- Over Max: 8% Very Satisfied, 40% Satisfied, 11% Dissatisfied, 33% Somewhat Dissatisfied, 9% Very Dissatisfied
- Max: 7% Very Satisfied, 30% Satisfied, 15% Dissatisfied, 34% Somewhat Dissatisfied, 15% Very Dissatisfied
- UQ: 4% Very Satisfied, 28% Satisfied, 20% Dissatisfied, 34% Somewhat Dissatisfied, 14% Very Dissatisfied
- MID: 4% Very Satisfied, 23% Satisfied, 20% Dissatisfied, 33% Somewhat Dissatisfied, 21% Very Dissatisfied
- LQ: 4% Very Satisfied, 28% Satisfied, 24% Dissatisfied, 20% Somewhat Dissatisfied, 24% Very Dissatisfied

Percentage
## Reward Preferences

<table>
<thead>
<tr>
<th>My Growth</th>
<th>My Organisation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Training</td>
<td>Vision and values</td>
</tr>
<tr>
<td>Development opportunities</td>
<td>Entrepreneurial spirit</td>
</tr>
<tr>
<td>Career growth</td>
<td>Accountability &amp; empowerment</td>
</tr>
<tr>
<td>Diversity &amp; transformation</td>
<td>Owner-manager culture</td>
</tr>
<tr>
<td>Bursaries &amp; scholarships</td>
<td>Drive for innovation</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>My Pay</th>
<th>My Work Place</th>
</tr>
</thead>
<tbody>
<tr>
<td>Salary package</td>
<td>Great leaders</td>
</tr>
<tr>
<td>Benefits</td>
<td>Great colleagues</td>
</tr>
<tr>
<td>Incentives</td>
<td>Stimulating work</td>
</tr>
<tr>
<td>Pay for performance</td>
<td>Open communication</td>
</tr>
<tr>
<td>Share schemes</td>
<td>Recognition &amp; celebration</td>
</tr>
</tbody>
</table>
STEP 4: Career Pathing

Career paths should make provision for remuneration to a pay scale that is higher than the corresponding management level in areas where the career path is mission critical.
## Dual Career Pathing

<table>
<thead>
<tr>
<th>PATERN</th>
<th>LINE</th>
<th>SPECIALIST</th>
<th>DESCRIPTION</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>F</strong></td>
<td>TOP MANAGEMENT</td>
<td></td>
<td>Corporate strategic direction and policy sign-off</td>
</tr>
<tr>
<td><strong>E</strong></td>
<td>SENIOR MANAGEMENT</td>
<td>GROUP / FUNCTIONAL / ADVISOR</td>
<td>Translation of corporate direction into organisation planning &amp; management</td>
</tr>
<tr>
<td><strong>D</strong></td>
<td>MIDDLE MANAGEMENT</td>
<td>PROFESSIONALS</td>
<td>Translation of organisation plans into functional plans and best practice systems</td>
</tr>
<tr>
<td><strong>C Upper</strong></td>
<td>FIRST LINE SUPERVISORS</td>
<td>TECHNICIAN / PRACTITIONER / SPECIALIST</td>
<td>Optimising a given system to achieve plans</td>
</tr>
<tr>
<td><strong>C Lower</strong></td>
<td>ADVANCED OPERATIONAL</td>
<td></td>
<td>Solving a range of technical problems within a recognised technical discipline through the appropriate use of tools</td>
</tr>
<tr>
<td><strong>B</strong></td>
<td>OPERATIONAL SKILLS</td>
<td></td>
<td>Routine application of industry specific tools and equipment which require training but not discipline apprenticeship</td>
</tr>
<tr>
<td><strong>A</strong></td>
<td>PRIMARY SKILLS</td>
<td></td>
<td>Routine task orientation using simple tools and equipment normally of a manual nature</td>
</tr>
</tbody>
</table>
STEP 5: Non Cash Alternatives

- Learning Opportunities
- Coaching/Mentoring
- Advancement Opportunities
- Performance Management
- Recognition
- Culture Change Initiatives
- Health and Wellness
- Workplace Flexibility
- Dependant care
- Paid and Unpaid Time off
- Community Involvement
Is there a remuneration discount when you work here?
How much?
QUESTIONS
THANK YOU

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