

Technical Support to the South African Department of Labour (DOL),  
Labour Centres (LCs) and Sector Education Training Authorities (SETAs)

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*Organisation Development  
Technical Assistance  
FINAL REPORT*

Submitted to:  
*FOOD AND BEVERAGES MANUFACTURING  
SECTOR EDUCATION AND TRAINING AUTHORITY  
(FOODBEV SETA)  
June 2003*



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Department of Labour

## EXECUTIVE SUMMARY

### INTRODUCTION

The Food and Beverage Manufacturing Sector Education and Training Authority (FoodBev SETA) must achieve ambitious targets including:

- Achieving National Skills Development Strategy (NSDS) targets;
- Enhancing the quality of its products and services;
- Building strong stakeholder networks; and
- Becoming a full service centre for skills development in the sector.

This requires FoodBev SETA to be “right sized” in relation to its structure, staff size, and staff capabilities.

### OBJECTIVES OF THE ASSIGNMENT

The objectives of the assignment included reviewing and making specific recommendations where appropriate on:

- The current organisational structure;
- The current Human Resources policies and procedures particularly to ensure that these policies are in compliance with labour laws; and
- Human Resources Function with a specific focus on Systems Development Planning.

### ORGANISATION STRUCTURE DESIGN REVIEW

The consultants conducted a rapid assessment of FoodBev SETA functions, which formed the basis for the recommendations on the organisational structure. Brief functional analyses provided a “snapshot” of each function, roles and responsibilities, the targets that need to be achieved by 2005, and a catalogue of existing staff. Gaps between implementation activities and targets were identified.

### GAP: SKILLS PLANNING

The gap is very apparent in SMME SERVICES which require an identification of this sub-sector's needs, the creation of an outreach programme, providing support to SMMEs and identifying numbers entering into Learnerships and skills programmes and new SMMEs established with sector support. This is critical, or if not addressed, the FoodBev SETA will not meet targeted objectives. It is an area where additional staff are needed.

### GAP: ETQA

The outputs set in the Sector Plan targets include 14 separate categories. Eleven out of fourteen target dates for completion are March 2004. Even with use of a variety of external “partners” and consultants, all of the initiatives must be managed from within. The gap clearly is one of manpower needs. Whether permanent staff, contract staff or a combination of both fills the gap, this function is going to need additional support in order to succeed in the implementation of its mandates.

### GAP: FINANCE

The grants/levies disbursements are not being completed in a timely manner, and are currently taking the time of a manager (Chamber) who should be involved in other activities.

There is a need to create a multi-tasked position in this function that would combine accounting responsibilities with disbursing grants/levies.

**GAP: CHAMBER**

The gaps here result from a function that needs to be redirected into Corporate Services. This function will have three responsibilities: Communication/Marketing, Human Resources, and Mandatory Grants. Once the roles are decided upon and prioritised, the function will be more effective. One additional staff member is recommended.

**ORGANISATION STRUCTURE MODIFICATIONS**

Structure is far more than an organogram. It involves decisions concerning roles, responsibilities, authority, and co-ordination within, and between groups both inside and outside the core organisation. The structure must be evaluated to see:

- Whether functional roles are clearly defined;
- Whether people have the authority to carry out their roles; and
- Whether the current capacity supports the goals and targets that must be met.

Running parallel to the physical structure of any organisation is the strategic structure that is usually delineated in roles that different levels of organisation must have. The chart below illustrates the key strategic roles that must be emphasised at various levels.

<b>LEVELS</b>	<b>ROLES</b>
<b>COUNCIL</b>	<ul style="list-style-type: none"> <li>• <b>Vision</b></li> <li>• <b>Governance</b></li> <li>• <b>Advice</b></li> <li>• <b>Network Development</b></li> </ul>
<b>CEO</b>	<ul style="list-style-type: none"> <li>• <b>Strategic Leadership</b></li> <li>• <b>Cross-SETA Co-operation</b></li> <li>• <b>Partnering Linkages</b></li> </ul>
<b>SENIOR MANAGERS</b>	<ul style="list-style-type: none"> <li>• <b>Operational Implementation</b></li> <li>• <b>Cross - Functional Coordination</b></li> <li>• <b>Staff Development/Management</b></li> </ul>
<ul style="list-style-type: none"> <li>• <b>MANAGERS</b></li> <li>• <b>SPECIALISTS</b></li> <li>• <b>COORDINATORS</b></li> <li>• <b>SUPPORT STAFF</b></li> </ul>	<ul style="list-style-type: none"> <li>• <b>Actions</b></li> <li>• <b>Results</b></li> </ul>

**STRUCTURE RECOMMENDATIONS**

**FINANCE/IT**

A position of **Accountant/Grants/Levies** should be added to the Finance staff with a levy/grants disbursement responsibility to:

- Receive, verify and process levy income from SARS/DoL;

- Reconcile employer accounts and rectify discrepancies; and
- Administer Skills Development levies/grants disbursements.

This position could also be responsible for the day-to-day accounting for the SETA.

#### SKILLS PLANNING

An **SME/SMME Coordinator** is needed and would:

- Research SME/SMME demographics;
- Determine training needs;
- Manage selected SME/SMME initiatives;
- Develop and maintain SME/SMME database;
- Manage relationship with SME/SMME stakeholders;
- Liaise with ETQA and Communication/Marketing on all relevant SME/SMME issues;
- Coordinate workshops with stakeholders; and
- Assist Skills Planning in meeting targets related to SME/SMMEs.

#### ETQA

An additional **Project / Provider Specialist** is recommended.

#### CORPORATE SERVICES (REDEFINED FUNCTION)

The function should be renamed CORPORATE SERVICES and divided into three categories:

- Communication/Marketing;
- Human Resources; and
- Mandatory Grants.
- A Communication/Marketing Coordinator is recommended.

#### POLICIES AND PROCEDURES REVIEW

This section provides a detailed review of all existing HR policies, procedures and systems with recommendations for modifications, improvements, system building and implementation. It concludes with a review of HR Information Systems models and recommended approaches.

#### HUMAN RESOURCES FUNCTION

In the FoodBev SETA a sensible paradigm includes the following roles:

- CEO – champion and strategic driver of the development of Human Resources systems such as remuneration, job evaluation, and performance management.
- **OUTSOURCED SPECIALISTS** – special expertise is needed in developing key HR components. This has already begun. What is needed is continuing expertise in building systems, advice and training.
- **CORPORATE SERVICES MANAGER** – has the in-house responsibility for coordinating with CEO and outsourced specialists to manage the installation of HR

systems and ensure that used appropriately. Further responsibilities could include: coordinating training, HR planning and forecasting, and ensuring legal compliance.

- SUPPORT ADMINISTRATORS – whether in Finance and/or Corporate Services. Their role is to input non-confidential HR data into automated HR Information System.
- MANAGERS – Organisation-wide, managers have a day-to-day responsibility to develop and manage their staff. That includes:
  - Recruiting effectively for staff;
  - Motivating and retaining employees;
  - Improving productivity and achieving targets;
  - Cultivating good work habits and team work;
  - Coaching employees to help them improve/enhance performance; and
  - Linking individual goals and objectives to the Organisation's objectives.

#### NEXT STEPS

End the Grants disbursements “Roadblock”. Hire additional help.

Re-deploy Chamber Manager to:

- Human Resources Systems development;
- Communication/Marketing activities; and
- Mandatory Grants Disbursement.

Have Corporate Services Manager, who has HR responsibilities, work closely with ISO consultant to map key HR processes needed for ISO certification.

Have all Managers – especially Skills Planning, ETQA, and Corporate Services work closely with CEO to adopt an SME strategy. This could include hiring an SME specialist to coordinate all initiatives aimed at identifying, clarifying needs, and increasing participation.

## ACKNOWLEDGEMENTS

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## DISCLAIMER

Development Associates, Inc. and its subcontractors, Research Triangle Institute (RTI), have prepared this report. The findings and opinions expressed in this report are solely those of the authors and do not necessarily represent those of the United States Agency for International Development nor the South African Department of Labour (DOL). Similarly, any errors or omissions are the responsibility of the authors.

## KEY PERSONNEL

Two consultants, one from the United States and one South African, were assigned to conduct this assignment, both of whom have extensive experience in the field of Organisation Development, Human Resources Systems Development and Training under various foreign assistance programmes.

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## ACRONYMS

CEO	Chief Executive Officer
CETA	Construction SETA
DOL	Department of Labour
ETQA	Education and Training Quality Assuror
FoodBev SETA	Food and Beverages Manufacturing
HR	Human Resources
HRD	Human Resource Development
HRM	Human Resource Management
HRIS	Human Resources Information Systems
HRS	Human Resource Systems
HW SETA	Health and Welfare SETA
ISETT	Information Systems, Electronics, Telecommunications Technologies
ISO	International Standards Organisation
IT	Information Technology
KPI	Key Performance Indicator
MoU	Memorandum of Understanding
NGO	Non-governmental Organisation
NQF	National Qualifications Framework
NSDS	National Skills Development Strategy
NSF	National Skills Fund
OD	Organisational Development
PDI	Previously Disadvantaged Individual
QMS	Quality Management System
SAFATU	South African Food and Allied Trade Union
SAQA	South African Qualifications Authority
SARS	South African Revenue Service
SDF	Skills Development Facilitator
SETA	Sector Education and Training Authority
SGB	Standards Generating Body
SME	Small and Medium Enterprises
SMME	Small, Medium and Micro Enterprises
SWOT	Strengths, Weaknesses, Opportunities and Threats
TIM	The Integrated Manager
USAID	United States Agency for International Development
W&R SETA	Wholesale and Retail SETA

## **1. Background**

### **1.1. Introduction**

This Organisational Development/Human Resources (OD/HR) Assistance Project was conducted from May through early June 2003 for the Food and Beverages Manufacturing Sector Education and Training Authority (FoodBev SETA). This USAID/South Africa-funded work was undertaken by Development Associates, Inc. under USAID South Africa Contract No. 674-1-00-00-0005-00, Task Order 009 on behalf of the South African Department of Labour (DoL).

### **1.2. Objectives**

There were three objectives:

Review the current organisational structure and design and ascertain its appropriateness for the type and size of the organisation, i.e. the FoodBev SETA. If the design and structure were found to be inappropriate, the consultant was required to make specific recommendations for improvement. Similarly, if the design and structure were found to be appropriate, the consultant would still be required to identify potential development design and structure areas within the SETA that could be built upon and/or improved to streamline the SETA's functioning in the future. This task was carried out solely by the international consultant.

Review the Human Resource Management (HRM) and Human Resource Development (HRD) systems and processes currently in place at the SETA and make recommendations for improvement and development. This task was conducted by both the international consultant in conjunction with the South African based consultant. The task required that the legislative practices required in South Africa were taken into consideration. This task included areas such as employment and performance contracts.

Review procedures of the SETA. Also conducted by both consultants. This task will also be undertaken in conjunction with the South African based consultant to ensure contextualisation of the labour law environment in South Africa.

### **1.3. Report Organisation and Methodology**

The final report undertakes an assessment, which includes a functional review of FoodBev SETA, organisational design rationale and recommendations, a review of current policies and procedures with recommendations, and a "best practices" guide to Human Resources Systems development with specific recommendations for both the HR function and systems development at FoodBev SETA.

Three methods have been used to obtain the information for this Assessment.

Document review of studies on FoodBev SETA's legal and organisational framework, documents pertaining to programmes, goals, and targets, documents pertaining to other SETAs, documents pertaining to TVET (Technical/Vocational Education and Training) in the Caribbean region, documents pertaining to Human Resources systems, policies and procedures.

Interviews and meetings with FoodBev SETA staff, stakeholders, “partners” and various consultants.

Observations obtained from a concentrated period of time spent at FoodBev SETA itself, observing work in progress, meeting, speaking and listening to various people talk about their work and finally attending an IIP seminar, a road show and a strategic planning conference with the Council and managerial staff. At that conference Dr. York made a presentation on International Organisation Development obtaining feedback on FoodBev SETA by use of an Organisation Development Quiz (Appendix C).

As directed by the Scope of Work, the investigation was carried out by an international consultant and a local consultant. Dr. York focused on the Organisational Design Review and Human Systems Development. Mr. Mbengwa focused on a review of current policies and procedures.

The report reflects this method of investigation: Dr. York created Section 2: Organisation Structure Design Review, and Section 4: Human Resources Systems Development, and Mr. Mbengwa created Section 3: Human Resources Policies and Procedures Review and Recommendations. Section 5: Next Steps was a joint recommendation.

#### **1.4. FoodBev SETA -- Organisational Environment**

FoodBev SETA is a young organisation. It was begun in March 2000. Its legal framework iterated in the Constitution states that the SETA was established in accordance with a Sections 9 and 13 of the Skills Development Act No. 97 of 1998, and integrated with relevant legislation in the South Africa Qualifications Authority (SAQA) Act No. 56 of 1995, and the Skills Development Levies Act No. 9 of 1999. Financial accountability was established by the reporting requirements of the Public Finance Management Act (PFMA) 1999 and reporting accountability governed by a Service Level Agreement with the Department of Labour

The objectives of FoodBev SETA were also mandated by relevant legislation and policies of: Act No. 101- Higher Education and Training Act 1997, Act No. 98 - Further Education and Training Act of 1998. Also, FoodBev SETA is involved in the implementation of the National Skills Development Strategy (NSDS), which was launched in February 2001.

FoodBev SETA's roles and responsibilities include:

- Develop and implement Sector Skills Plans
- Assess Workplace Skills Plans
- Accredite quality training providers and assessors
- Register and manage Skills Development Facilitators
- Develop and administer Learnerships, Skills Programmes, and special projects (NSF)
- Certify learners and ensure quality training
- Support the implementation of the National Qualifications Framework (NQF)

- Manage grants/levies disbursements
- Promote the efforts of NSDS

The structure of FoodBev SETA has two parts: a governing “superstructure” made up of Council, Chambers, Executive Committee, and the internal staff structure (which is discussed at length in the Organisational Structure Design Review Section 2).

The “super-structure” was also established by the Constitution. It includes:

FoodBev SETA COUNCIL that is comprised of 20 members – 10 from organised employers and 10 from organised labour. They provide guidance on governance and strategic initiatives.

FoodBev SETA CHAMBERS are comprised of five sub-sector groups: Baking, Beverages, Dairy, Food Preparation, and Processed meat, fish and vegetables. Their membership consists of 2 to 8 from organised employers and 2 to 8 from organised labour. Their function is to assist and promote learning and skills objectives in their own sub-sectors. They act as a broad communication channel to companies in their sector.

EXECUTIVE COMMITTEE consists of CEO, 5 Chamber Managers, Senior Management Staff of F/BS SETA, Council Chairperson and Vice-Chair. They oversee day - to - day operations.

The FoodBev SETA serves 33 food manufacturing/processing areas ranging from the process and preservation of fish and fish products to the manufacture of beer and malt liquors. It is estimated that there are over 3000 enterprises in this sector, most of them small, many of them not readily identified. The sector's base is made of a few (10%) large companies such as Cocoa Cola, Unilever, SA Breweries, and 90% of SMEs and SMMEs. Historically, the SME/SMME portion of this sector does not have a history of formal training or the infrastructure to support it. Most training has been done “on the job”, and not done in any co-ordinated or developmental manner and, according to the targets mandated for 2005, these are the companies, which must be reached.

The sector prospect is not one of growth. Foreign competition, technological and mechanisation of processes all add up to a picture of little employment growth with the beverage sector being the most robust. The type of employee needed is one that is multi-skilled at the operator, artisan and technical levels. However about 60% of the workforce has only very basic education (between level 1 and 4 of NQF) and during the actual inception of Learnerships in some of the major companies, it was discovered that many workers had lower levels of education than anticipated, thus requiring ABET training before they could achieve success in Learnerships.

If this is a “snapshot” of the context in which FoodBev SETA operates, the targets that must be achieved by 2005 are very substantial. Some key targets include:

- 7000 learners exposed to ABET /NQF1 programmes
- Targeted number of PDIs entered into skills learning programmes
- 3000 learners enrolled in skills programmes
- 3000 learners enrolled in Learnerships

- 12 companies committed to implementation of IIP
- 40% of companies employing 50-150 receiving skills development grants
- 20% of identified SMMEs supported by skills development initiatives
- NSF targets – some include: 1000 learners completed ABET, 200 unemployed learners on Learnerships, 20 bursaries awarded

## PARTNERSHIP MODEL

These targets are set against the reality that the first two plus years have been spent on establishing the systems, processes and procedures needed to support the Learnership process. Even today systems are being modified as the experience of rolling out the learning programmes takes place.

At this time, FoodBev SETA is entering into a second “growth” stage. It has basic processes and systems in place. According to the ISO mapping initiative, 44 processes have been identified and about 75% of them have been mapped. Although there is still work to be done in systems development, the implementation process must escalate if these ambitious targets are to be achieved.

The role of FoodBev SETA must now shift from BUILDING to MANAGING the implementation of the skills programmes. The existing staff cannot do this alone. This means that capacity building must take place.

First, the internal staff complement must be increased. Specific findings and recommendation are documented in Section 2 of this report.

Second, the Council and Chamber members must be “enlisted” to help with the “outreach” needed, particularly with the SME/SMMEs.

Third, a series of “**partnerships**” must be developed and the Managers of FoodBev SETA must MANAGE these “partners”. Therefore managers must move out of their “make and do” roles, which they assumed in the initial building stage and take on the roles of strategising needs, identifying resources, and using them in an innovative and effective way. In Jamaica’s Training Authority, four components were identified as success factors in building effective skills training. One of them was – a reliance on partnerships as a vehicle for initiatives. The Training Agency is looked upon as a critical “linchpin” in aligning Government, Business, Institutions, and other related organisations with learners to form a seamless coalition providing quality training.

Partners come in many guises. In interviews with a variety of stakeholders many partnering opportunities were evident.

New initiatives on Group Training espoused by the Department of Labour.

Chamber initiatives being undertaken by the Baking Chamber.

Establishing a more detailed and expanded role for SDFs.

Education and communicating the SETA message to union workers through partnering with Union Council and Chamber members (SAFATU has begun this informally)

Cross-SETA sharing of what works

Capacity Building Initiatives – with Training Providers, Assessors, SDFs.

Alliances with technical colleges and workplace providers to build curricula needed for identified sector training needs.

The possibilities are numerous but what has to be done is that the partnerships need to be assessed against the targets to be achieved. Then distinctive roles and responsibilities need to be agreed upon. In this way the small core staff can expand their ability to meet targets. A study of Training Authorities established in Trinidad, Jamaica, Barbados and Belize all follow the partnership model and attribute much of their success in the strategic use of partner initiatives with both local organisations, international organisations and alliances with large multi-national businesses.

Although some staff capacity will need to be increased, the successful organisation structure will be based on internal staff creating and managing **external partnerships**.

## **2. Organisation Structure Design Review**

### **2.1. RATIONALE**

In order to make design decisions about the structure of an organisation, it is necessary to understand the responsibilities of its functions. There must be an alignment of structure and function with the structure supporting functions. Therefore, a rapid assessment of FoodBev SETA functions was performed and became the basis for some of the decisions made concerning the organisation structure. Brief functional analyses provided a “snapshot” of each function, its roles and responsibilities, the targets that need to be achieved by 2005, and a catalogue of existing staff. The process of gathering information about current roles although brief was informative. Staff was cooperative and the interviews were candid and addressed real issues. A SWOT analysis was performed for each function. Documents that were helpful included the Business Plan, Sector Skills Plan, draft Internal Audit, April 2003 and the FoodBev SETA Constitution.

Some gaps between implementation activities and targets were identified. One of them had to do with targets mandated and achievement of those targets. This gap directly ties to the need to increase staff within the function in order to achieve goals. Another gap related to the difference between the roles and responsibilities of a function that should be taking place and what was actually occurring. This ties to the need to modify an existing function, or add a new functional area to the organisation structure. The alignment between function and structure is important in building capacity.

### **2.2. Skills Planning Function**

Responsibilities:

The FoodBev SETA Constitution provides a general framework for the responsibilities of the function (Sections 13.3, 13.4, 13.5 13.10 of the Constitution).

A current list of key responsibilities include:

- Macro research into labour demands and sector skill requirements;
- Review and enhancement of sector skills in line with national skills strategies;

- Develop of a variety of Learnerships;
- Oversee and “tweak” the Learnership processes to enhance ease of registration and to ensure quality learning takes place;
- Advocate with appropriate bodies to ensure targets are met;
- Identify projects under NSF to support goals and targets;
- Manage all existing projects;
- Liaise, manage and coordinate with external consultants who are involved with Skills Development initiatives;
- Oversee SDFs;
- Build networks and relationships with a wide variety of stakeholders;
- Determine key outputs, train, manage and develop staff;
- Liaise with ETQA function on quality and delivery issues;
- Coordinate with Communication/Marketing on SME/SMME initiatives;
- Comply with all reporting requirements necessary for the function; and
- Ensure compliance with all appropriate legislation governing function.

### **2.2.1. Skills Planning SWOT**

Strengths include:

- More plans being developed;
- More data from companies on skills needs;
- Learnership process developed and registered and over 350 Learnerships in progress;
- Gradual perceptual change in stakeholders leading to more willing participation; and
- Discretionary projects another pathway to skills development.

Weaknesses include:

- Need for more information on SMEs and their needs.

Opportunities include:

- Change mindsets and get more participation;
- Expand on external provider network; and
- Tell the success story when Learnerships are completed.

Threats include:

- Not enough focus on the quality of learning...now the focus is on quality of training; and
- Could suffer if financial incentives are weakened.

### **2.2.2. Current Staff**

Skills Planning Manager

Project specialist (Vacant- currently recruiting replacement)

NSF Project Manager

NSF Project Support

Learnership Administrator (Currently recruiting)

### **2.2.3. Gaps**

The targets for this function are clearly articulated in the Business Plan 2003/2004, originally articulated in the Skills Sector Plan, and monitored through progress reports and Internal Audits. All of the planned targets are ambitious. Some of the targeted areas are on track. Within this scope of work a gap analysis was not possible but even some cursory investigation revealed some gaps. Generally, it seems that many of the systems and procedures for Learnerships and Skills Development Programmes are in place and are activated. Although the numbers set in Sector Plan Targets Skills Planning (7.2), Learnerships (7.4), and Discretionary Grant Projects (7.7) are ambitious, and implementation is in its first year of operation, good progress is being made towards these targets. The gap in these areas is not a Skills Planning issue but an issue affecting all systems' building that is taking place in SETAs. It takes time to build completely new systems and to "de-bug" them. This affects the timing of implementation and therefore will affect achieving targets within allotted time frames. The one area where the gap is very apparent is in (7.5) SMME SERVICES which require an identification of this sub-sector's needs, the creation of an outreach programme, providing support to SMMEs and identifying numbers entering into Learnerships and skills programmes and new SMMEs established with sector support. This is an area that if not addressed at an organisational level, will not meet targeted objectives. It is an area where additional staff are needed.

## **2.3. ETQA (Education and Training Quality Assurance) Function**

Responsibilities

The FoodBev SETA Constitution provides a general framework for the responsibilities of the function (13.6). A current list of key responsibilities includes:

- Accredite training providers to provide specific qualifications against registered unit standards /set criteria;
- Promote quality and monitor provision among providers;
- Register assessors and moderators;
- Provide training to assessors and moderators and SDFs;

- Certify learners;
- Evaluate assessments and assessors;
- Develop and maintain a database of accredited providers and registered learners;
- Prepare reports on accreditation, learner achievements and comply with all other reporting requirements necessary for the function;
- Recommend new standards and qualifications;
- Recommend changes to existing qualifications and standards;
- Promote IIP Initiative;
- Liaise with Skills Development function on quality and delivery issues;
- Build networks and relationships with stakeholders;
- Liaise, manage and coordinate with external “partners” who are involved with ETQA initiatives;
- Coordinate with Communication/Marketing on various ETQA initiatives;
- Determine key outputs, train, manage and develop staff; and
- Ensure compliance with all appropriate legislation governing the function.

### **2.3.1. ETQA SWOT**

Strengths include:

- Good processes, understandable;
- Staff has good knowledge of their responsibilities; and
- Good stakeholder relations.

Weaknesses include:

- Systems in place, may need some “tweaking;” and
- Need to mobilise companies to participate, providers and assessors to be fully accredited and there is a lack the staff to do this.

Opportunities include:

- Educate workplace organisations about requirements; and
- “Partner” with technical colleges.

Threats include:

- May not be able to meet targets in 2005; and
- Could be changed/merged in 2005.

### **2.3.2. Current Staff**

ETQA Manager

ETQA Project Specialist

ETQA Project Administrator

### **2.3.3. Gaps**

The targets for this function are clearly articulated in the Business Plan 2003/2004, originally articulated in the Skills Sector Plan, and are monitored through progress reports and Internal Audits. The outputs set in the Sector Plan Targets (7.3) include 14 separate categories ranging from signing Memorandums of Understanding (MoUs), accreditation of providers and assessors and external moderators, documenting and certifying learner achievements, developing a QMS manual, promoting IIP, developing information systems, revising standards of qualifications, developing assessment guides, training SDFs, assessors and moderators, developing a model for RPL, coordinating with SGB, and finally, promoting the quality of the training provision in the sector among providers, learners, and assessors. Eleven out of fourteen target dates for completion are March 2004. Even with use of a variety of external "partners" and consultants, all of the initiatives must be managed from within. The gap clearly is one of manpower needs. Whether permanent staff, contract staff or a combination of both fill the gap, this function is going to need additional support in order to succeed in the implementation of its mandates.

## **2.4. Finance/Information Technology Function**

The FoodBev SETA Constitution provides a general framework for the responsibilities of the function (34.1,34.2,34.3,34.4,34.5,34.6,34.7,34.8,34.9).

A current list of responsibilities include:

- Develop and implement financial policies and systems;
- Develop, control and manage budgets;
- Manage and control bank, investment, and rollover funds (NSF funds);
- Oversight of reconciliation (bank & balance sheet/ creditors recons);
- Manage IT function- systems and infrastructure;
- Manage levy/ grant disbursement system;
- Manage payroll;
- Perform internal audits;
- Comply with all the reporting requirements necessary to the function;
- Ensure compliance with all appropriate legislation governing function; and
- Determine key outputs, train, manage and develop staff.

### **2.4.1. Finance/IT SWOT**

Strengths include:

- Financial processes are in place and easy to understand;
- FoodBev SETA is well run financially; and
- Many guidelines from DOL.

Weaknesses include:

- No time to manage the function;
- In need of staff accountant;
- Need staff in order to perform proper checks and balances; and
- Grants and levies need to be disbursed more effectively.

Opportunities include:

- Work SMARTER to manage processes and ensure they run smoothly; and
- Administrative surplus allows the hiring of additional staff at the FoodBev SETA.

Threats include:

- Lack of support staff hinders performance.

### **2.4.2. Current Staff**

Finance Manager

Financial Administrator

### **2.4.3. Gaps**

The targets for this function are clearly articulated in the Business Plan 2003/2004, originally articulated in the Skills Sector Plan, and are monitored through progress reports and Internal Audits. The financial outputs set in the Sector Plan Targets include Financial Policies, Financial system and record keeping, Reports, Annual Report, Budgeting, and Grants disbursement. These are ongoing objectives and do not have end dates. From document reviews, interviews and feedback from the Department of Labour, the financial area seems to be operating well. The gaps fall into two areas: grants disbursements and Information Systems Development. The grants/levies disbursements are not being completed in a timely manner, and are currently taking the time of a manager (Chamber) who should be involved in other activities. It is necessary to create a multi-tasked position in this function that would combine accounting responsibilities with grants/levies responsibilities. There are no specific IT objectives. However at this time a major Information Systems development initiative is taking place with an external provider (PRAXIS). The IT issues are currently being addressed by the Development Associates' IT consultant.

## 2.5. Chamber Function

Although the FoodBev SETA Constitution provides a general framework for the responsibilities of the function (26.0, 26.1, 26.2, 25.3), in reality little time is being devoted strictly to Chambers. Rather this function is a catch-all with some time being devoted to Communication/Marketing, HR systems and HR administration, and a great amount of time being spent on Mandatory grants activities.

What seems sensible here is to describe what should/could be the main responsibilities of this function.

The function should be renamed **CORPORATE SERVICES** and divided into three categories:

### COMMUNICATION/MARKETING

- Develop marketing and communication strategies and plans;
- Develop strategies to promote and secure relationships with ALL stakeholders (this includes Chambers and therefore would not contravene the mandates set up by the Constitution);
- Responsible for all FoodBev SETA related issues to ensure that an excellent public image is upheld;
- Responsible for all FoodBev SETA events and functions;
- Responsible for media campaigns and all public relations;
- Website development and updating;
- Development of “awareness” campaigns to promote the services and benefits of participation in FoodBev SETA’s programmes;
- Responsible for Newsletters and other print media, advertisements, branding issues;
- Responsible for internal employee communication; and
- Chamber Management.

### HUMAN RESOURCES

- Coordinate with CEO, all Managers, and consultants in the development and implementation of Human Resources systems;
- Oversee HRS administration;
- Comply with all the reporting requirements necessary to the function; and
- Ensure compliance with all appropriate legislation governing function.

### MANDATORY GRANTS

- Manage companies’ registration with FoodBev SETA;
- Manage SDF registration;

- Evaluate Work skills Plans;
- Create Work Skills Implementation Reports;
- Arrange inter-SETA transfers;
- Approve Mandatory Grants for Disbursement; and
- As a Manager, determine key outputs, train, manage and develop staff.

### **2.5.1. Communication/Marketing SWOT**

Strengths include:

- Marketing and Communication Plan established, a good roadmap;
- Good external providers available for outsourcing; and
- Road shows have been effective.

Weaknesses include:

- No overall plan for communicating to stakeholders, especially small companies;
- PR non-existent – FoodBev SETA doesn't tell its success stories; and
- Don't communicate well with Chambers.

Opportunities include:

- Targeted communication to SMEs and SMMEs; and
- Enhance FoodBev SETA image.

Threats include:

- Not meet targets; and
- Lose our customers.

### **2.5.2. Current Staffing**

Manager (who would re-deploy responsibilities)

Skills Development Administrator (Coordinator- better title) whose responsibilities support Mandatory Grants function

### **2.5.3. Gaps**

The gaps here result from a function that needs to be redirected into a threefold division - communication/marketing, mandatory grants, and Human Resources. Once the roles are decided upon and prioritised, then the function can operate. With one additional staff in the area of communication/marketing and the use of external resources, the activities of this multi-faceted function can be achieved.

Although this function will be responsible for oversight of Human Resources systems, the Human Resources policies and practices issues will be addressed as two separate entities (Sections 3 and 4).

## **2.6. Structure: Organisation Chart Modifications - Rationale**

The structure of an organisation is the system of working relationships arrived at to assign and coordinate the roles/tasks of people and groups working toward a common purpose. Structure is far more than an organogram. It involves decisions concerning roles, responsibilities, authority, and coordination within, and between groups both inside and outside the core organisation. The structure must be evaluated to see if it facilitates or hinders the accomplishment of objectives and the achievement of targets. There are no strict rules on how to build an Organisation Chart except that it must be both stable yet flexible in order to respond to change.

In investigating any organisational model what is looked for is:

- Whether functional roles are clearly defined;
- Whether people have the authority to carry out their roles; and
- Whether the current capacity supports the goals and targets that must be met.

Another critical area that is implied in structure is coordination, which can be defined as the process of linking specialised activities of individuals or groups so they can work **closely** together toward common ends. The coordination linkages should provide better mechanisms for understanding and **communicating** one another's activities. In an organisation like FoodBev SETA where the core activities – Skills Development, ETQA, and Communication are so closely linked, it is important to foster a teamwork approach. So even if an Organisation Model defines the different functional roles in a “vertical” structure, the cross –functional interplay between the functions are critical. This is often difficult in a large organisation but should not be difficult in a small organisation such as FoodBev SETA.

Many factors influence structure. History, social and economic issues, governance and funding are major factors. Another important factor is the manner in which authority (which I define as, freedom to act) is distributed. Organisations range from centralised to decentralised, from dictatorial to highly participative. In the final determination all these factors play a role in determining the appropriate model.

In addition, the following factors are also useful for assessing the effectiveness of structure:

- Appropriate management hierarchy;
- Clear, appropriate and sensible reporting lines;
- Minimal overlap;
- A fairly balanced work load;
- Managerial balance;

- Decision making held by many levels in the organisation – empowerment;
- Structure connects clear groupings of related functions;
- Functions support the missions and objectives;
- Structure supports the Mission and goals; and
- Coordinating mechanisms, which facilitate needed linkages, are in place.

Although there are a number of models available, the form that many organisations use is the functional approach. In this form each department has a separate function and specialty. Management from above centrally coordinates the different functions. It is vertically oriented and emphasises standardisation in systems and procedures. It is logical and usually efficient.

Research into 9 SETAs in South Africa and similar Technical and Vocational Training Agencies in Trinidad, Jamaica, and Barbados showed that they all use the functional approach. However all of the agencies had small (10) to medium size (30) internal staff with **strong emphasis** on the use of outsourced specialists and particularly strong “**partner**” linkages to professional associations, private industry, technical training institutions, NGOs, and donors, to name a few. It is clear that in the case of SETAs, the internal structure must form linkages to a large variety of “**partners**” if it is to accomplish its mission.

The problem with the functional organisation structure centres on coordination...or the lack of it. People tend to work in their functions and do not coordinate, communicate, or cross-fertilise each other in order to come up with more creative ways of accomplishing goals. From observations and interviews, our view is that more cross-functional strategy building is needed. In the initial systems-building stage, there did need to be a focus on the development of systems and procedures for each area. This for the most part has been done and is a great accomplishment given the nature of the task and the time frame allotted. Now, however, comes the implementation phase of the work of FoodBev SETA so that coordinated cross-functional activities are going to be critical to success. No organisation chart is going to ENSURE this. This must come from a combination of strategic planning, decisions on key priorities, ensuring there is enough staff to do the job, and the effective management of both tasks and people.

Running parallel to the physical structure of any organisation is the strategic structure that is usually delineated in roles that different levels of organisation must have. The chart below illustrates the key strategic roles that must be emphasised at various levels.

LEVEL	ROLES
COUNCIL	<ul style="list-style-type: none"> <li>• <b>Vision</b></li> <li>• <b>Governance</b></li> <li>• <b>Advice</b></li> <li>• <b>Network Development</b></li> </ul>

LEVEL	ROLES
CEO	<ul style="list-style-type: none"> <li>• Strategic Leadership</li> <li>• Cross-SETA Cooperation</li> <li>• Partnering Linkages</li> </ul>
SENIOR MANAGERS	<ul style="list-style-type: none"> <li>• Operational Implementation</li> <li>• Cross - Functional Coordination</li> <li>• Staff Development/Management</li> </ul>
<ul style="list-style-type: none"> <li>• MANAGERS</li> <li>• SPECIALISTS/COORDINATORS</li> <li>• ADMINISTRATORS</li> <li>• SUPPORT STAFF</li> </ul>	<ul style="list-style-type: none"> <li>• Actions</li> <li>• Results</li> </ul>

It is these strategic roles that invigorate an organisational chart.

A caveat for organisational chart building is that charts must be evolutionary rather than revolutionary. The most ideal chart can be created but if no one will accept it, it is only a model chart that remains unimplemented

The modifications of the FoodBev SETA Organisation Chart (Appendix A) proposed in this document take into account all of the above criteria. A chart should reflect current needs and be modified when those needs change.

### 2.6.1. Finance/Information Technology - Recommendations

In this function there was no need to change functional roles. What is needed is additional staff. One of the functional roles under the Finance area is the management of the levy and grant disbursement system. This is a critical area for FoodBev SETA and is not being performed effectively due mostly to lack of staff. Now, it is not only taking a great amount of time of the existing staff in the Finance division but is also requiring a great deal of time from the current Chamber Manager. Both the Chamber Manager and the Finance Manager were in strong agreement that additional staff is needed as levy / grant disbursement responsibilities are ongoing. Also, the view of how money is processed through the SETA does have an effect, either positive or negative, on how companies perceive this process. Since disbursements are done on a periodic basis and in keeping with the notion of maintaining a small multi-tasked staff, what is proposed is that a position of **ACCOUNTANT/GRANTS/LEVIES** be added to the Finance staff with a levy/grants disbursement responsibility as part of it. This position would be responsible for the day-today accounting for the SETA.

Responsibilities could include:

- Income/expenditure statements;
- Management reporting;
- Internal Controls;
- Reconciliations; and

- Expense Monitoring.

In addition to general accounting responsibilities would be Grants/ Levies responsibilities that could include:

- Receive, verify and process levy income from SARS/DoL;
- Reconcile employer accounts and rectify discrepancies; and
- Administer Skills Development levies/grants disbursements.

A rapid review of other SETAs found that this type of position existed in both the BANK SETA and HWSETA.

The other modification made to this function is to include appropriate grants/levies tasks into the job responsibilities of the existing **Financial Administrator's** position.

Although no additions were made to the IT area, there are major systems currently being installed by PRAXIS (an external service provider). It was suggested by the IT consultant, that there may be a need to hire a "contract" employee for a nine to twelve month period to manage the installation from within FoodBev SETA. This person would follow up on deliverables, track trouble spots, and review policies and procedures. Since this is a very special situation, it would be advisable to consult with the IT specialist on this addition.

### 2.6.2. Skills Planning- Recommendations

In this function there was no need to change functional roles. What is needed is additional staff. There is currently a recruitment process under way for a Learnership Administrator (a new position) and a Project Specialist (replacement of current staff). What is needed is an additional position for a **SME/SMME COORDINATOR**. The gap in this area was discussed in the Functional Review section. What is very clear is that many of the targets in the skills development area are tied to the identification of SME/SMMEs and the creation of Learnerships. Since this group represents close to 90% of the customer base for the FoodBev SETA, it is critical that a strategy be developed to address this and that the organisation structure and staffing reflect this. Other SETAs have been proactive in this area. W&R SETA has a SMME Department staffed by a Project Coordinator Advisor and an SMME Administrator and Services SETA set up an SME department in 2001. Also, SME/SMMEs were being targeted for special initiatives at CHIETA. .

Position responsibilities could include:

- Research SME/SMME demographics;
- Determine training needs;
- Manage selected SME/SMME initiatives;
- Develop and maintain SME/SMME database;
- Manage relationship with SME/SMME stakeholders;

- Liaise with ETQA and Communication/Marketing on all relevant SME/SMME issues;
- Coordinate workshops with stakeholders; and
- Assist Skills Planning in meeting targets related to SME/SMMEs.

### **2.6.3. ETQA – Recommendations**

In this function there was no need to change functional roles. What is needed is at least one additional **PROJECT SPECIALIST** or **PROVIDER SPECIALIST** that could be filled by “contract” personnel during the first thrust of the implementation phase. At a later date, the decision could be made whether this individual becomes a permanent staff member. The responsibilities will be similar to the current Project Specialist. Some could include: accrediting training providers and assessors, development of assessment models and tools, and training SDFs. If additional staff were hired in this area, it would need to be determined what would be the division of responsibilities, extent of workload, and coordination roles.

A brief review of other SETAs showed that the PSETA has a Provider Specialist.

### **2.6.4. Corporate Services – Recommendations**

The current Role Profile of the Chamber Manager is untenable. Major Responsibilities need to be divided among three categories:

- Communication/Marketing
- Human Resources
- Mandatory Grants

One additional position is required in this function – a **COMMUNICATION/MARKETING COORDINATOR** who will assist in all the communication /marketing initiatives.

## **3. Human Resources Policies and Procedures Document Review**

### **3.1. Employment Policy**

The Employment Policy provides high-level guidelines around recruitment and selection, employment practices, employee development and advancement, time-keeping, equipment, discipline and terms and conditions of employment.

#### **3.1.1. Recruitment and Selection**

No policy exists in regard to recruitment and selection except for a brief statement made in the Employment Policy to the effect that all positions are open to any suitable candidates as outlined in the Employment Equity Act of 1998; and the fact that competency profiles and other tools will be used to ensure congruence between

appointees and job specification. The statement also makes reference to short-listed candidates being evaluated in accordance with the approved procedure for final selection. No such procedure has been developed so far.

This aspect has not been addressed sufficiently. The Employment Equity Act provides high-level guidelines around recruitment and selection, employment practices, employee development and advancement, timekeeping, equipment, discipline and terms and conditions of employment. It prohibits:

- Unfair discrimination against an employee in any employment policy or practice;
- Conduct medical testing unless legislation permits; and
- Biased or unfair psychological testing.

The FoodBev SETA policy is silent when it comes to these legislative requirements.

Again, there is no mention of how the FoodBev SETA will recruit its workforce and how affirmative action will be managed to ensure representation across all occupational levels for Africans, Indians and coloureds and people with disabilities. There is no submission made regarding an employment equity plan even though legally, given the FoodBev SETA's annual turnover, submission is compulsory.

#### *Recommendations*

A recruitment and selection strategy culminating in related policy and procedures should be developed and implemented to ensure that all compliance, risk, costs, competitive and legislative implications are managed in a proactive and advanced way. The strategy, which aligns to the overarching FoodBev HR strategy, will have to cover areas such as:

- The need to create or fill the positions;
- Cost-effective ways to recruit and select staff;
- Assessment tools to be utilised for different categories;
- Structuring interviews and related questionnaires;
- What psychological analysis expertise is required; and
- The approach to ensure that affirmative action is implemented.

Have in place an Employment Equity Plan to show all employees that the organisation is open and promotes better cross-cultural synergies and adheres to the constitutional requirement of disclosing information and developments to all employees. Given that the Chief Executive Officer believes in cutting edge technology and HR best practices, it will be a great step to positively consider doing this.

### **3.1.2. Employment Practices**

The Employment Policy outlines the procedure for appointing staff. It provides for letters of appointment that are signed by the Chief Executive Officer and highlights the position, date of appointment, where based, remuneration package, annual bonus payment preferences, salary payment, policy and terms and conditions of employment

documents accompanying the letter. The potential employee is given an option to accept the offer. When accepting the candidate is required to furnish: an Identity Document, birth certificate, Income tax reference number, driver's licence, marriage certificate, spouse birth certificate, children's birth certificate, proof of academic qualifications, banking details and Unemployment Insurance Fund card. A cafeteria benefits plan is in place, which gives staff discretion in terms of how they structure their packages.

Employees, who are requested to act in a more senior position than their own, do not receive additional remuneration as this is seen as part of their professional development.

#### *Recommendations*

The appointment letter should include the full name and address of the FoodBev SETA as required by section 29 of the Basic Conditions of Employment Act.

When an employee is acting for more than three months in a senior position, they should receive additional compensation for the added responsibility and should be considered for permanent promotion into the post.

### **3.1.3. Employee Development and Advancement**

The Employment Policy includes a section on Employee Development and Advancement. It states that educational assistance is available to all employees provided that it is in the interest of both the employee and employer. However, permission is based on the discretion of management with the approval of the Chief Executive Officer. There is a brief overview of individual performance evaluation, job and skills profiles and resolution of issues. However, this approach lacks focus when dealing with staff development and training.

#### *Recommendations*

The following points of the Employee Development and Advancement sections of the Employment Policy should change:

- Point 9.1 and 9.2, which are educational assistance and internal/external, training and development respectively should be incorporated into an overall Learning and Development Strategy and Policy, which should be developed.
- Point 9.3 should shift so that individual performance evaluation becomes part and parcel of Performance Management System and job profiles moved to the Remuneration Framework.
- Instead of having 9.5 (resolution of differences) employees need to receive a separate disciplinary, grievance and dispute code and procedures from the Disciplinary Policy.

### **3.1.4. Time-keeping**

Here the policy states that hours of work are 40 per week (8 hours per work day) with some flexibility, punctuality improves productivity and that leaving the premises during working hours requires appropriate approval. This is an appropriate policy.

### **3.1.5. Equipment**

Provides brief guidelines on how equipment should be handled. This is an appropriate policy.

### **3.1.6. General**

This section of the Employment Policy addresses non-permissible behaviour which has also been addressed in the Disciplinary Policy, accuracy of personal files, confidentiality in handling sensitive information, prohibits private work on-site, smoking, political and religious activities.

#### *Recommendations*

This section of the Employment Policy should become part and parcel of the Disciplinary Policy to avoid fragmented, if not piecemeal, view of policies and procedures.

### **3.1.7. Terms and Conditions of Employment**

This section of the Employment Policy covers hours of work, overtime, benefits, motor vehicle policy and leave.

Hours of work specified by the policy comply with legislation. The policy stops short of specifying maximum hours of overtime work per day or weekly which according to the Basic Conditions of Employment Act (BCEA) of 1997 are three and ten respectively; and again does not make reference to overtime pay.

Medical aid and provident/pension fund is mandatory and therefore complies with legislation.

Motor vehicle policy is less informative on how an employee can structure his/her package to accommodate this.

The policy stipulates that an employee is entitled to 20 working days leave per annum, which is contrary to 21 days by the BCEA prescription. The policy states that an employee accrues leave at the rate of 1.66 days per month for the first five years and thereafter 2.08 per month. Section 20 of the Act specifies one day for every 17 days worked or payment for the employee's forfeited leave.

Under the section on annual leave, reference is made about sick leave. This may confuse the reader, as there is still another sub-paragraph that addresses this aspect. The policy states "period of absence on account of sickness and covered by an authorised sick leave shall count towards the qualifying period for the paid annual leave, provided such absence is supported by a medical certificate as required by the employer." Sick leave is governed by Section 22 of the Act and therefore should be separated from annual leave.

Family responsibility leave according to the Act is three paid days off per annum and the policy is silent regarding who qualifies for this prerequisite.

The policy on Maternity Leave requires a minimum 30 days for employees to apply or notify their intention to resume or stop duty. On the other hand, the BCEA prescribes four weeks and highlights the fact that in some situations it may not be reasonably

practicable to do so and therefore notification should happen as soon as reasonably possible.

#### *Recommendations*

The policy on overtime should state that the regulation of overtime does not apply to senior managerial employees as per the BCEA.

The motor vehicle policy should be more explicit.

Annual leave entitlement for staff should be 21 days. No sick leave notes should be used to credit employees with additional annual leave days. This should be removed. The policy needs to be more specific in order for correct interpretation by employees.

The leave policy should include a section on who is entitled to Family Responsibility Leave.

The policy on Maternity Leave should include an emergency clause in case the employee cannot comply with the minimum 30-day notice period.

### **3.2. Application for Leave Form**

The form covers all types of leave that are annual leave, unpaid, paternity, compassionate, paid and unpaid sick leave, study, maternity and family responsibility leave.

#### *Recommendation*

The application for Leave Form should be better aligned with the Employment Policy.

### **3.3. Performance Appraisal 2002 Document**

The Performance Appraisal Document contains particulars of appraisers and appraisee, a rating guide in relation to the standard of performance ranging from A (far exceeds job requirements), B, C, D, E (does not meet minimum requirements) and T (unapproved) and an appraisal interview.

#### *Recommendations*

Revamp the performance appraisal process by incorporating key result areas; and customer, financial, internal business processes, people management indicators and measures for successful and effective contribution to business objectives as defined.

### **3.4. Exit Interview Form**

The interview seeks answers to good/bad organisational and supervision, managerial areas of improvement, team relationships, team improvements and commentaries.

#### *Recommendations*

The form should be revamped to include issues related to staff retention, morale, and satisfaction.

### **3.5. Agreement of Employment**

The Agreement of Employment document covers salary payable, bonus, leave entitlement and accumulation, company rules and regulations, overtime duties (interestingly in the CEO's Agreement of Employment, the CEO is required to work overtime), reference to job description, medical examinations, periodic inspections of employees and their personal possessions, loans, company secrets, conflict of interest, compulsory retirement fund and medical aid, summary dismissal, notice of termination and, last but not least, monthly deductions in accordance with Income Tax Act.

#### *Recommendations*

It is advisable that the Agreement of Employment should be an annexure of the Employment Policy to ensure consistency and alignment to the overall approach.

### **3.6. Functional Analysis**

The Functional Analysis document gives a brief overview of the responsibilities entrusted on the chief Executive Officer, Quality Manager, ETQA Administrator, Quality Manager, Skills Planning Manager, Learnership Administrator, Skills Development Administrator, Chamber Manager, Finance/IT Manager and Financial Administrator. Updates have been completed for almost all of these jobs.

### **3.7. Disciplinary Code and Procedure**

The procedure covers rights of employees, disciplinary flow chart that entails discovery, investigation, offences categories, representation, disciplinary action, validity periods of penalties, and composition of disciplinary hearings, disciplinary process flow chart and schedule of offences. This is very much in line with Labour Relations Act.

### **3.8. Grievance, Dispute and Arbitration Procedure**

The procedure covers informal and formal stages, has two steps toward resolving grievances with the manager concerned and secondly if unresolved to the next level of management which becomes the formal stage. The dispute procedure makes reference to party declaring the dispute, dispute meeting, dispute committee and Commission for Conciliation, Mediation and Arbitration referral. The arbitration procedure states that after exhaustion of grievance and disciplinary procedure that the dispute can be referred to arbitration, advantages thereof, powers of the arbitrator, duties thereof, procedure on who is the arbitrator, terms of reference and costs, the hearing, setting aside the award and related legislative offences. Flowchart procedures provided are those relating to dispute and arbitration and in regard to grievance of complainant.

#### *Recommendations*

Instead of opting for arbitration as the first step outside the organisation, conciliation with an independent mediator should be the preferable first step. This is a less costly process.

### **3.9. (Draft) Remuneration Committee Charter**

The charter outlines the purpose of having this committee in place, its composition, oversight areas, roles and responsibilities, functions and meetings. The committee meets bi-annually and on an ad hoc basis.

#### *Recommendations*

The FoodBev SETA should merge the Remuneration Committee with the Advancement and Role Evaluation Committee. This is further discussed below.

### **3.10. Performance Management**

Bill Sneddon, an ISO 9000 Consultant, developed the Performance Management Document. He developed it because he needed the relevant process flows for the SETA to qualify for ISO 9000. The document states that the purpose is to monitor policy, applicable to managers and non-managers. The process flow entails initiation, delegation, performance assessment, identification of training needs, rewards and recognition and ends with a motivational meeting. The following documents result from this process: performance assessment, growth plan, company employee meetings, rewards and recognition certificates. This document is very fragmented, due in part, to the fact that Mr. Sneddon is not a HR expert.

#### *Recommendations*

A proper Performance Management Policy should be put in place to guide the process proactively.

### **3.11. FoodBev SETA Role Evaluation System (Broad banded)**

This policy is still in draft for discussion and makes reference to the evaluation model with bands ranging from strategic intent, strategy execution, middle management/professional, supervisory, clerical and operational and membership of the role evaluation committee. The objective of the committee is to advise management on appropriate job levels, roles, reporting relationships and organisation structures and to evaluate jobs from a holistic perspective. The document talks about head of division making recommendations to Group Executive Director for appointments at Managerial and Professional levels and HR Consultants to support management in the presentation to the committee. It also makes the incorrect statement that the FoodBev SETA has an HR Department. It includes statements about job title convention, which do not, in fact, exist.

#### *Recommendations*

This policy should be customised to FoodBev SETA needs and therefore should be contextualised to the SETA as it is not a large corporate entity. For example, broad banding should be eliminated, as it is not appropriate for organisations with less than 50 employees. As stated above, the committee described in this policy should be merged with the Remuneration Committee.

### **3.12. Remuneration Framework**

The Remuneration Framework is currently in draft. It provides comprehensive job profiles that have been drawn up for all staff members by an external consultant, however this still has to be implemented in accordance with the Remuneration Framework. These job profiles are too complex for managerial staff to maintain.

The Framework also proposed that an Advancements Committee be set up and job families be put in place. The system covers career progression, current roles, role output and dimensions such as problem solving, and decision-making on an Excel database. It is a competency-tracking tool and currently there is no internal user of the system.

#### *Recommendations*

The FoodBev SETA should incorporate the inputs that have been made regarding the Remuneration Framework and then finalise it for implementation.

The FoodBev SETA should simplify its job profiles and look at introducing user-friendly balanced scorecard key results areas, which will make it easy to assess competencies and performance.

The Advancement Committee should not be formed, but instead these responsibilities should be given to the Remuneration Committee.

### **3.13. Study Assistance Policy**

The Study Assistance Policy states that studies should be undertaken through recognised institutions, recognised areas of study are in quality assurance, skills development, commerce and administration. Fees cover tuition, registration and examination costs. When students fail a course they have to either repay the FoodBev SETA or fund themselves to repeat. The policy requires that the employee who has completed his/her studies to work for the organisation for the full period of study and pay pro-rata on leaving the organisation for reason other than retrenchment.

#### *Recommendations*

The policy should require employees to work back their equivalent years of study paid for by FoodBev SETA as they are studying and simultaneously working without having to wait for completion as they are currently in the service of the SETA.

Areas of study should also include marketing and communication given that the SETA should have a greater focus in this area.

It may also be a good idea to introduce a cadet training scheme for the unemployed noting that the FoodBev SETA's vision is that of promoting learning and skills development. There may be one or two students participating in such a scheme each year.

### **3.14. Recruitment (Quality)**

This document was drawn-up by Bill Sneddon (ISO 9000 Consultant) so that recruitment processes could be mapped out. The process begins with a management meeting to

decide on the need to fill/create a position, mini-job description, advertisement, recruitment agency, interview panel and then appointment.

### *Recommendations*

This Recruitment (Quality) Document should be incorporated into the Recruitment and Selection Strategy recommended above. This will ensure that all recruitment and selection policy and procedures attends to cost, legalistic, ethical and best practice implications.

### **3.15. Internal Audit**

The Draft Internal Audit was conducted by KPMG during March 2003 and their findings were:

- Personnel records were found to be incomplete.
- Disciplinary code was not signed by employees to ensure awareness for procedural fairness.
- Lack of recruitment and selection process documentation for potential employees, this to pre-emptively avoid legal action due to unfair selection.
- There are no job descriptions for certain positions and therefore staff not aware of their responsibilities.
- Provident fund is advised telephonically of resignations and terminations; culminating in deductions continuing to be made after termination and secondly there is no proof that processes were carried out.
- No formalised key performance indicators (KPIs) are in place to measure and monitor achievement of objectives.
- Lack of formalised documentation and communication between the HR and Financial areas and therefore some strategic objectives may not being attended to.
- Leave balances monitoring not always attended to and leave codes such as compassionate leave not properly registered and reporting thereof does not always happen.
- Absence of yearly staff training plan specifying training areas.
- The HR Manager deletes names of contractors from the SETA's HR Information System called "VIP" when their contracts expire to prevent further payments and collects access cards; however there are no formalised procedures. This could result in unauthorised access and payment and loss of confidential information.
- There is no formal orientation programme.
- Managers use different passwords on VIP system but the system does not automatically request a change of password. This could result in unauthorised changes being made to information.

- The HR Manager relies solely on information received from recruitment agencies and no evidence regarding authority and legitimacy of qualification received from agencies, which could result in appointment of unqualified and incompetent staff and undue progression thereof.

### **3.16. Role Profiles**

The Role Profile Document consists of the staff's purpose outputs, milestones, quality, requirements, customers, and unit standards/qualifications.

#### *Recommendations*

This document should be simplified, as it is too comprehensive and complex, thus it is not implemented properly.

### **3.17. Review of HR Information Systems**

There are three HR Information Systems reviewed in this section as options for the FoodBev SETA.

#### **3.17.1. Integrated Human Resources**

The Integrated Human Resources is a select group of products, which are designed to target specific needs in the area of People Management.

The product focuses on providing simple and user-friendly software, which can assist in addressing issues faced by South African Organisations. These solutions assist in:

- Focusing on performance improvement;
- Dealing with issues around statutory compliance with regards to aspects of the Skills Development Act and Employment Equity and related reporting; and
- Reducing the administrative load of people management with standard reports and storage of employee data.

#### **Job Profiler**

Job Profiles are used for various functions of human performance. They support system and activities that are predominantly the domain of HR, and also support line managers in people management matters.

The process of profiling is the description of the job purpose, the outcomes, and the tasks for jobs/positions in order to best define the activities necessary to effectively deliver on the expectations of certain position.

When using Job Profiler to complete such activities, you are ensured that profiles will be completed in a matter, which ensures outcomes, and competency based profiles, which are ready-to-use throughout the entire organisation.

#### **The Integrated Manager (TIM)**

The Integrated Manager (TIM) is a strategic planning and management tool that is supported by relevant and fully Integrated Decision System. TIM achieves this by

utilising automated information systems, which overcome the traditional constraints of a transactional environment. TIM is unique in the following ways:

User-friendly, fast and practical IT functionality; and

Logical and understandable content methodology aligned with world-class best practice.

Through TIM it is possible to facilitate, manage, measure, integrate, align compare, plan and report on the functioning of your company with regards the following:

### **Strategic Structuring and Management**

TIM allows for the facilitation and formulation of the company's vision, mission, strategies and goals. Identifying Key Performance Indicators (KPI's), work outputs to achieve the goals of the organisation by designing and managing the structures to support the corporate strategy. As such, scenario planning and relevant surveys would be utilised. The overall philosophy of TIM in terms of strategic structuring and management is management by measurement.

### **Business Organisational Performance Management**

Management by measuring the monitoring of progress, providing access to relevant information and developing action plans in terms of trend and graphical analysis which enables the management of expectations and pre-emptive identification of problem areas.

### **Role/Positional Management**

The focus is on the key performance indicators and work outputs, with the emphasis on minimum requirements, competency profiling and training interventions. As such, it is possible to link the role of the individual to positions and foster succession planning in terms of positional management.

### **Employee Performance Management**

Employee Performance Management involves an investigation into link between personal KPIs and business KPIs, to utilise personal development plans to structure career paths and to enable fast tracking of employees' performance.

### **Skills and Competency Development**

Assessment criteria facilitate learning pathways for the individual, generating personal development plans and competency assessments. This is done through the implementation of progress analysis, skills/competency audits and comparative analyses, resulting in intervention management and incentive calculations where necessary.

### **Management Information and Reporting**

Dynamic data matrices (data cubes), information searches and screening wizards allows for the graphical representation and analysis of the progress of the individual.

Consequently, it is possible to perform gap analyses and best fit between job profiles and competencies resulting in interactive costing (of organisation, positions and employees) and employee and applicant ranking. This culminates in establishing both integrated and automated employment and skills development.

## **Learner Management System**

It is a training administrative system.

### **Skills Development Series**

A business management tool that addresses skills development issues and ensures compliance to skills related legislation, through sustainable development of employees

Legislative compliance, especially with regards to the Skills Development Act

The software takes a holistic approach to:

- The implementation of the Skills Development Act;
- The function of developing the Workplace Skills Plan;
- The function of developing Individual Development Plans;
- Compliance to the Skills Act Legislation as a basis for the recovery of funds spent on education and training through the Skills Levy Act;
- The Software process provides access to accredited qualifications for employees; and
- Sustainable improvement of employee performance.

The software assists in the achievement of business goals and objectives in terms of:

- Keeping track of training interventions and their impact on work performance. This assists with both the administration and evaluation of training delivered by suppliers.
- Honing the focus of employee training. This translates to relevant training for employees, which contributes to the employees' competence.
- Improving the return on investment for expenditure on Human Resources through the accumulated information gained on the training providers, and the impact of training on performance.

### **3.17.2. LIFESENSE Human Resource Management**

The medium business solutions were specifically developed to provide medium sized organisations with the underlying tools to manage their Human Resources. The system incorporates functionality based on the needs of the business.

Incorporated in the system are the following key elements:

- Electronic data storage system (personal, organisational, dependants, leave pay, disciplinary, marital, pension, contact addresses, etc.);
- Linkage of documents to individuals (contracts of employment, salary increase letters, etc.);
- Leave recording system (all types of leave);
- Disciplinary recording system;

- Identity tags;
- Reports;
- Statistical graphs;
- Employee quick-find facility;
- Build query function; and
- Mortgage bond, vehicle and investment calculator.

Some benefits of using the system include that it is already proven in the marketplace and it:

- Centralises all people-related information;
- Allows planning, comparison and evaluation;
- Enables accurate decision-making; and
- Provides back-up from qualified Human Resource, Industrial Relations and System Design specialists.

### **3.17.3. In-house HRIS**

The FoodBev SETA has an in-house HRIS that is Excel-based and covers modules such as:

- Performance Appraisals;
- Assessments;
- Competencies; and
- Job Profiles.

However, this system is not optimally implemented.

### **3.17.4. Recommendations**

The Integrated Human Resources solution is a medium enterprises solutions system, designed for organisations that ideally have more than 100 staff members to ensure economies of scale. Lifesense provides similar solutions for medium-sized organisations. The best way to introduce either solution would be for approximately five SETAs to implement the solution jointly. This would be similar to the Deloitte and Touche arrangement in regard to finance package for skills levy and disbursements.

Therefore, if FoodBev wants to have an IT solution, there is a need to rope in other SETAs to use the system. Failing which, our recommendation is that the in-house HRIS system should be redesigned. It is important that user-friendly manuals, systems and processes be implemented.

## **4. Review of Discussions With Staff and Other Players**

The consultants interviewed Staff and other players such as Board Members and Chamber Representatives. The following are quotes and statements made by these stakeholders for the information of the FoodBev SETA.

### **4.1. Human Resources Strategy and Support**

There is no overarching Human Resources strategy in place that directs how this function will support achievement of objectives and targets of the company.

There is no HR planning that take place.

Chamber Manager runs the HR function without assistance and is also responsible for Marketing, and Communications.

Finance/IT Manager spends approximately 5% to 10% of his time in executing HR payroll responsibilities which entails setting salary for new recruits, paying salaries and assisting with recruitment where required.

### **4.2. Performance Management**

Performance-driven culture is not in place.

Managers are more work focused and administrative staff mainly driven by work hours as opposed to output.

No change in management in implementing the new processes.

### **4.3. Recruitment and Selection**

People are mainly recruited for entry jobs and later progressed to competent and advanced positions in an informal way.

So far only two employees have left the FoodBev SETA, one due to resignations and the other's contract expired. There are currently three temporary employees who have been contracted due to understaffing, one supports administration area in ETQA, one data capturing and one filing. Currently there is one vacancy for a learnership administrator.

When there is a vacancy, internal and then external advertisement happens. Preference is by using recruitment agencies.

Sometimes in the past, psychological services were used for recruiting managerial staff.

### **4.4. HR Planning**

Anticipation and forecasting of long-term skills should be in line with the business plan, which can be improved upon by projecting required structure, positions and skills for future.

In line with the business strategy and targets set for 2005, optimal staffing capacity is required. Budgetary constraints are caused by not being sure of levy income making it difficult to focus. No internal skills development, not supplying workplace skills plans and should lead by example.

#### **4.5. Employee Relations**

A satisfaction survey was conducted by Human Capital Corporation (Deloitte and Touche) last year and certain issues were raised by staff and resolved with labour representatives who sit on the board.

There are no employee attendance registers in place.

There is no absenteeism control, resulting in HR and managers not knowing who was absent when and reasons for absence. Poor monitoring mechanisms can be costly if not done accurately.

There is a lack of confidential information controls.

Due to the size of the organisation, there have been few events relating to grievances and discipline since FoodBev SETA's inception. Two disciplinary actions have been pursued: one for arguing in front of clients and the other was a misunderstanding regarding business cards.

Normally managers handle grievances proactively and where needed, the Chief Executive Officer has open door policy.

Lack of absenteeism control mechanism.

Compassionate leave may be used incorrectly.

Sometimes sick leave is used for maternity leave.

#### **4.6. Remuneration**

The CEO is the custodian of benefits strategy and design.

21<sup>st</sup> Century designed a performance enhancement model that still has to be implemented.

The CEO was not happy with the design phase of the Remuneration Framework and therefore not keen to pursue implementation thereof.

Capability to maintain the Remuneration system is non-existent.

Role profiles have been designed but not yet implemented.

The Patterson Grading System is used as an unofficial job grading system.

Functional analysis (job descriptions) was done when FoodBev SETA came into existence prior to most staff having been hired.

The Remuneration Committee conducts salary surveys.

The VIP payroll system consists of several modules of which only the training and leave modules are partially utilised and payroll fully utilised.

#### **4.7. Training and Development**

The organisation lacks a need driven training approach and there are no personal development plans in place. Therefore training interventions are not preceded by a thorough and in-depth needs analysis.

The FoodBev SETA is in the process of hiring a project specialist for unemployed learners.

Lack of skills development focus.

There is no skills development plan in place for staff.

There is a great need for project management skills for staff.

Training for staff is conducted on an ad hoc basis.

The CEO, in his efforts to encourage a culture of learning and enhancement of life skills, has bought staff Services SETA's Employee Assistance Programme CD Rom covering Addiction, HIV/AIDS, Disability, Stress Loss and Trauma and a book entitled "*Do's and Don'ts for the Young Office Worker*".

#### **4.8. Communication**

There is lack of good communication.

Communication is good at managerial level but does not devolve downwards to administrative levels.

There are weekly management meetings and bi-monthly, but irregular, staff meetings.

Most information (Business Plan, policies, etc.) is available on the G Drive for staff to access and peruse. However, staff do not generally access this information.

Managers do not always inform their staff regarding new developments.

#### **4.9. Organisational Culture**

Unnecessary differentiation between management and administrative staff.

The CEO's style is such that staff are given autonomy in executing their duties, however sometimes, he micro-manages.

People do not pull together as a team.

There is an uneven spread of workload.

Mindset change is required – most staff come from big corporations and have not adjusted to a dynamic small organisation way of conducting business.

### **5. Key Recommendations**

#### **5.1. Human Resource Strategy**

Develop and implement an overarching Human Resource Strategy. People-centred management is key to any organisational success. Over the last two decades, numerous studies have shown that organisations across industries have demonstrated enormous economic gains obtained through treating and managing their people well. The returns from managing people in ways that build high commitment, involvement, and learning are typically on the order of 30 to 50 percent. A good HR strategy outlines the approach to follow in:

- Recruiting people;
- Defining what they should do and how they can achieve organisational goals;
- Assessing duties executed and incentives;
- Outlining how people should work together;
- Recognising those who excel; and
- Caring about people.

HR matters should be managed proactively.

### **5.2. Customise Policies and Procedures**

Some policies and procedures should be tailored to FoodBev SETA.

Certain policies and procedures currently in place have been borrowed from other organisations and therefore not tailored to FoodBev SETA. These date back three years and necessary legislative-related updates have not been done. Employment policy for example was taken from Anglo Gold and Disciplinary and Grievance procedure from ABI. Therefore, these policies and procedures should be tailored to the FoodBev SETA.

### **5.3. Implement Performance Management**

There is lack of performance enhancement strategy in place, however efforts are being made to introduce a remuneration approach geared towards performance improvement

The FoodBev SETA should develop a performance improvement and management strategy geared towards a performance/execution-driven culture, that is; which rewards excellence, recognises extra efforts and innovative ideas with due regard to all staff.

Performance goals are not currently closely aligned with business drivers and organisational goals. As a result managers and organisations may find it difficult to classify and quantify the magnitude of an individual's contribution to the FoodBev SETA. The end position becomes one of uncertainty about the levels, and nature of, investment that would be appropriate for different types of contributors. Therefore, the FoodBev SETA should develop and implement job descriptions and performance contracts to ensure a focussed approach mapping out key objectives in alignment with FoodBev SETA's strategic goals.

The measurement for the organisation's cascaded and aligned individual objectives is centred on internal or external stakeholder/customer goals and satisfaction. There is a need to jointly develop and leverage a series of tools to support and underpin goal setting in the FoodBev SETA to ensure clarity of direction and strategy at all levels, thereby improving the performance of the entire organisation, and to make performance a priority for all employees.

Employees' performance appraisals should closely reflect two core performance drivers: one for FoodBev SETA results; and one for managing people results.

The FoodBev SETA performance management system should be a continuous process characterised by constant feedback, formal or informal review of progress against key objectives, procedures, consequences, skill, knowledge and consequences. Achievement of objectives should be linked to reward and recognition. The FoodBev SETA should consider using the Balanced Scorecard as a tool that ensures that strategy implementation is realised.

#### **5.4. Adherence to Policies and Procedures**

FoodBev SETA Policies and Procedures should be adhered to. Good intentions by themselves are not enough. Success comes from successfully implementing strategy, not just from having one. Thus implementation capability is largely dependent on the FoodBev SETA's people, how they are treated, their skills and knowledge, and their efforts on behalf of the organisation. Therefore, when a policy or procedure is adopted, it should be adhered to, without exception.

#### **5.5. Design Missing Systems and Processes**

Develop systems and process flows to be followed in administrative matters. These include but are not limited to and in accordance with the needs of the FoodBev SETA; Salary Reviews, Leave application, Injuries on Duty, Attendance Registers, Overtime Management, and Filling Vacancies.

#### **5.6. Create an Effective HR Support Structure**

Options to consider in providing HR services for FoodBev SETA are:

##### **Option 1: Independent Contractor Agreement**

This option entails hiring a contractor who shall render HR services for the FoodBev SETA. He/she will operate within the goals, guidelines, budgets, directives, position description, policies and procedures approved by the CEO.

The contractor shall devote prescribed hours per week or such reasonable time as shall be needed to render such services to the FoodBev SETA. The FoodBev SETA will have to acknowledge that the contractor will, during the term of such agreement, be engaged in other business activity and may be engaged in rendering the same or similar services to other companies.

Contractor is an independent contractor, and will not be an agent or employee of the FoodBev SETA, and is not authorised to act on behalf of the FoodBev SETA.

##### **Option 2: HR Outsourcing**

This option entails securing services of an HR consulting firm, which offers a comprehensive set of solutions to help FoodBev SETA manage own human capital. The argument is that FoodBev SETA is not large enough to afford an HR department and therefore keeping costs low and productivity high is a priority.

HR solutions may include, but not be limited to:

- Streamlining employment processing, assessment, development and learning, benefits administration, and other employee services;
- Developing and updating employee handbooks, workplace policies and procedures;
- Developing and managing HR forms;
- Assisting with employee performance reviews;
- Assisting with job descriptions, screenings, hiring, orientations, disciplinary actions, terminations and exit interviews; and
- Administrating unemployment claims, hearings and appeals management.

The pricing option used here could be on retainer basis that allows for FoodBev SETA to have a Human Resources Professional on site on a constant part-time basis each week. This arrangement will allow FoodBev SETA to access the high-leverage capacity of having a senior Human Resources professional at a fraction of the cost. Depending on how much time the FoodBev SETA wants or needs this service, generally a fixed monthly rate is agreed upon between parties prior to commencement of work.

### **Option 3: Project-by-Project Contracts**

Projects are driven by internal and external factors and will vary according to individual organisational objectives. On a project-by-project basis, a HR consulting company can assist in removing some of the pressure off existing Human Resources professionals. The consulting company can assist by:

- Driving an existing project to completion;
- Assisting FoodBev SETA to analyse, prioritise and execute one or more current HR initiatives; or
- Developing a new project through research, product development and implementation.
- Assignments conducted on a project basis, such as Policy and Procedure Manual development, Employee Handbook development, Training, Industrial Relations programme development, Compliance facilities assessment, etc., is often conducted for a fixed fee agreed upon between the parties prior to the commencement of the project.

### **5.7. Tailor Remuneration Framework**

The Remuneration framework should be tailored to the needs of FoodBev SETA. The FoodBev SETA should put in place compensation strategies that motivate all employees to achieve specific performance objectives and, at the same time, builds benefits plans that attract and retain qualified employees.

The framework consists of comprehensive and detailed documentation of individual role profiles. This, to an outsider, appears to be complicated and time-consuming process for a small-to-medium enterprise, and one wonders whether this will be put to optimal use or

mainly be a once off shelving exercise. The current Remuneration Framework proposes that Advancement and Role Evaluation committees should be established. These committees are more suited for big organisations where myriads of jobs have to be analysed and graded and therefore is not applicable here.

Job analysis is the systematic study of an organisation's jobs to obtain information to determine the compensable factors of a job. This will involve gathering data about a job to determine and define its "compensable factors" by finding out what the employee does, how, and why the job is done, and the skills required for the work.

The FoodBev SETA should not establish Advancement and Role Evaluation committees.

The FoodBev SETA should conduct a job analysis to determine the worth of each job through a job grading exercise. It should:

- Determine competencies/skills required of incumbents to execute the job effectively;
- Review (on a needs basis) gaps where there is non-alignment between the job and its overall impact within the unit or organisation;
- Be designed around which cost-effective strategies improve employee motivation and performance, how FoodBev SETA can best allocate resources to have the greatest impact on these outcomes, and which strategies have the greatest positive impact on bottom-line performance;
- Tailor the system to the exact needs of the FoodBev SETA; and
- Foster enhanced buy-in and commitment to performance management at all levels.

### **5.8. Develop Effective Communication Systems**

Senior staff should conduct regular dialogue with subordinates to disseminate corporate goals and visions, and gain maximum clarity around performance requirements and expectations of the FoodBev SETA.

Develop and implement communication plans and structures that support the FoodBev SETA's vision, and align employee behaviour with organisational objectives.

### **5.9. Develop and implement a Learning and Development strategy**

Challenges, such as those highlighted by the Minister, include that unions must ensure that FoodBev SETA board representatives should add value to the board and should not send representatives who are not conversant with skills development. This, for example, requires focused approach on how FoodBev SETA should assist in supporting such initiative to attain board effectiveness.

The strategy and policy will outline what should happen.

Project managers, business acumen, marketing HR and communication skills are required in some areas of the FoodBev SETA and without properly structured training needs

analysis, this did not take place. At least invest 5% of payroll costs on staff training to set a good example in the industry.

Training is the educational process that delivers the knowledge and skill workers need to do their jobs. By helping FoodBev SETA keep pace with internal needs and external changes, training can play a vital role in FoodBev SETA's agenda. A well-designed training programme produces knowledgeable, motivated, and efficient employees. These qualities help to stabilise the company's workforce, lower absenteeism, increase productivity, and reduce operating costs. Conduct skills audit to assess current gaps and develop succession plans.

Streamline recruitment process by ensuring that proper documentation and reference checks are conducted by recruitment agencies. Some of the systems producing profits through people, include, for example, selective hiring of new people to make sure they have right skills to do their jobs well. Assessing the performance needs of current workforce as well as finding ways to close the performance gaps such that, SETA's workforce is adaptable to rapid change and has broad knowledge about the "broker" system.

#### **5.10. Encourage Conciliation**

Emphasis put on arbitration as a way of external dispute resolution mechanism. Ideally, arbitration should kick in as the last resort because it is costly. It will be advisable to first via conciliation, which is less costly, and then if this fails consider arbitration within 30 days.

#### **5.11. Implement Employment Equity Plan**

A diverse team reflecting South Africa's demographics should be encouraged. The FoodBev SETA is required to complete and implement the Employment Equity Plan since their turnover is more than R10 million. A report on corporate social and environmental responsibility commissioned by UN Institute for Social Development has found that food and drink sector is dragging its feet on transformation. The FoodBev SETA can have a model Employment Equity plan that is openly discussed with staff and shared with the sector. This will help to achieve a sense of belonging and cross-cultural understanding.

#### **5.12. Select Board Members Appropriately**

Having regard to the Minister Mdladlana's statement that "There is as sad tendency of Chief Executive Officers rushing to replace vacant positions within the SETAs with their close allies seconded by the unions to the boards" (City Press 08/03/2003). The Minister further highlights issues about improper qualifications and inefficiency. On that score, things like proper reference checking is crucial to avoid bringing on board staff and board members who are not qualified or incompetent to carry out their responsibilities.

The FoodBev SETA can set certain criteria for qualifying board members, discuss and agree on it with labour and business organisations. Without policy and procedures it becomes difficult to manage such challenges.

## 6. Human Resources Systems Development- Rationale

Although the scope of work includes a review of human resources practices, the discovery process went beyond a simple review. Although some policies are developed, some HR systems such as remuneration and performance management are in a development stage, and some practices, such as recruitment are evident, there is no strategically planned development of Human Resources systems at FoodBev SETA. A Human Resources Audit (Appendix B) was administered. It validated the piecemeal development of policies and systems.

The person currently in charge of HR is the Chamber Manager. Currently approximately 5% of her time is spent on HR related activities and they consist of basic HR administration such as providing payroll related information to Finance, tracking leaves, and updating personnel files. Now, the CEO is taking steps to begin formal development of this area. The development process is further militated by the wish of FoodBev SETA to be ISO certified within the coming months. The SETA is currently undertaking an initiative in this area. ISO certification requires the mapping of all organisation processes. ISO requires the following HR processes:

- Recruitment;
- Staff training and Development;
- Job Descriptions; and
- Performance Management.

Further, ISO not only requires that these systems be documented but also that they be implemented with a body of evidence supporting and justifying their successful use.

Additionally, FoodBev SETA has committed to becoming accredited in IIP.

Therefore it is important that FoodBev SETA undertake a carefully crafted plan of development.

When attempting to create an HR plan it is necessary to look at the function and decide how to develop it. The following materials are some excerpts from a chapter that Dr. York is writing for an Organisational Development Handbook<sup>1</sup>. It will briefly review some of the goals, issues, and practices needed in development of Human Systems.

### 6.1. Human Resources Goals

The mission of Human Resources (HR) is to “manage people as valuable resources rather than labour costs.”

Human Resources Management has diverse and challenging goals. They include:

- The administration of a large variety of personnel related issues ranging from hiring and compensating employees to providing for their health, safety and welfare.

<sup>1</sup> Jerusalem Water Undertaking: A Challenging Experience in Organisational Development – A Guidebook-to be published

- Creating a productive work environment.
- Compliance with relevant labour law.
- Aligning Organisation goals and the development of staff.
- Ensuring that all employees have the knowledge, skills and understanding to perform their roles as well as possible.

In short, the Human Resources Department is usually the champion of Organisation Development.

Human Resources is the one function that involves the widest variety of people in an organisation. It requires a team effort from HR professionals, senior management, line managers and employees in order to achieve its goals. Today the major functions of HR are generally divided into two broad categories: Human Resources Systems and Human Resources Development.

### **6.1.1. Human Resources Systems**

These administrative systems normally include the following major components:

- Job evaluation;
- Job analysis/staff planning;
- Compensation/salary administration;
- Personnel policies and procedures;
- All personnel record keeping;
- Benefits/leaves;
- Labour law compliance;
- Occupational health/safety; and
- HR library.

### **6.1.2. Human Resources Development**

The development effort normally includes the following:

- Recruitment/induction;
- Organisation development;
- Organisation Structure and Reengineering;
- Training;
- Performance management/appraisal; coaching/counselling;
- Career development; and
- Team building and Communication.

Whatever structure is developed for the HR function, it must provide a framework within which people can work together to attain the Organisation's goals. The framework must support motivation, morale, productivity and job satisfaction.

Like all other functions, HR must be accountable for its activities. Some measurements for success could include:

- Cost of hire;
- Absence rates;
- Accident rates;
- Employee retention;
- Usefulness of Training Programmes;
- Timely delivery of HR programmes;
- Employee Surveys; and
- Customer Feedback.

Although there are different roadmaps to follow, HR systems do have similar goals. They conform to a **best practices** paradigm that can be seen in many successful organisations worldwide.

Human Resources Development focuses mainly on recruitment, performance management, and training and development.

## **6.2. Recruitment**

One of the key roles and responsibilities of Human Resources is the proper selection and hiring of well-qualified people.

A Recruitment Plan requires:

- Definition of skills and knowledge needed based on the job description;
- Strategy to identify candidates;
- Effective techniques to select candidates for interviews;
- Effective interview process;
- Close interaction with the manager who needs employees; and
- Fair selection decisions.

### **6.2.1. Best Practices**

Design recruitment policies and procedures to attract the best possible candidates.

Use many sources to find candidates.

Base screening and selection criteria on the requirements in the job profiles; include qualifications, experience, tasks, outputs and competencies.

HR and the hiring manager share the recruitment process.

Document interview and selection results.

Make sure that people who participate in the recruitment process are familiar with policies and procedures.

Keep ongoing records to evaluate the progress, development and retention of employees.

### **6.3. Performance Management**

Performance Management is often visualised as a cycle that begins with the development of Performance Descriptions. Once they are developed, standards of performance and training needs are identified. The employee understands what he must do and how well he must perform, based on the requirements of the job. Training is a resource to help him perform at the highest level.

The cycle continues with day-to-day supervision, feedback, coaching and counselling. Often, at mid-year, the manager gives the employee an informal appraisal. At that time, objectives or techniques may be modified. Additional training may be offered. This allows the employee to continue doing good work or gives him/her a chance to improve.

Formal performance appraisals take place annually. At that time, the employee and the manager review achievements. The manager gives feedback and decides on training needs. He and the employee agree on objectives for the coming year. This review is usually documented in the employee's personnel file. The cycle begins again. Often a Performance Management system is closely linked to rewards.

The role of the HR function in this area includes:

- Design of the appraisal system;
- Performance management training for managers and employees;
- Scheduling and tracking of formal appraisal interviews;
- Acting as an intermediary in any performance appraisal disputes; and
- Maintaining appraisal records for all employees.

#### **6.3.1. BEST PRACTICES**

Ideally, Performance Management is a positive interaction between managers and employees. While managers evaluate an employee, the employee is also encouraged to self-evaluate.

Performance systems must be goal based and measured by results achieved.

The systems must be consistently and fairly applied throughout the organisation.

If organisation goals change, employee objectives may change as well.

Performance evaluations should give constructive feedback – not criticism.

## **6.4. Training**

Training is a key tool and a primary concern for HR. It has at least three goals:

- Upgrade skills and knowledge of employees;
- Improve the productivity of the organisation; and
- Promote the personal development of employees.

### **6.4.1. Best Practices**

Training should be linked to performance. Therefore a training agenda should include: set annual training goals, establish a training budget, conduct training needs assessments, create staff training plans, ensure effective delivery, and assess results.

Human Resources Systems focus mainly on policies and procedures and record keeping and administration.

## **6.5. Personnel Policies and Procedures**

Personnel policies and procedures help to ensure that employees are treated consistently and fairly. They are also necessary to ensure proper compliance with legislation governing employee rights and safety. The benefits of policies and procedures are:

- Benefit to the Organisation: minimises disputes and “special case” decision-making; streamlines dispute resolution and contributes to productivity.
- Benefit to managers/supervisors: tools to build morale and maintain harmony.
- Benefit to employees: understanding of rules; fair workplace.
- In order to gain these benefits, all policies and procedures must be clearly documented. A variety of documents can be created. For:
- Human Resources function – a manual of detailed documents since it has overall responsibility and must comply with government regulations.
- Managers – a manual of applicable policies and procedures and a list “best practices”.
- Employees – an Employee Handbook with overview of policies and procedures. It may also lead them to other resources that are needed in various situations.

Some topics could include:
Organisation Mission and Objectives
Manager-Employee Relations
Labour Laws - Compliance
Employee Recruitment and Orientation
Rules of Conduct

Hours of work/Working Conditions
Wage and Salary-Overtime
Training/Development
Performance Review
Promotions, Seniority, Change of Status
Benefits – Vacations, Holidays, Leaves of Absence, Insurance
Pension, Bonuses, Employee Recognition
Health and Safety
Discipline and Grievance Procedures
Retirement, Termination of Employment

### **6.6. Record Keeping and Administration**

Employee records are essential to the efficient handling of a variety of personnel actions. Careful and systematic record keeping, tracking and updating is an important part of the HR function.

Records are maintained to facilitate employee administration, articulate and revise policies, and meet legal /governmental requirements. There are many computerised applications for creation and maintenance of HR information.

Every organisation must decide which forms and records are important both for internal use and for compliance. Typically, records include:

- Employment Requisitions;
- Employment Applications;
- Interview/Screening Guidelines and Evaluations;
- Reference Checks;
- Health Records;
- Wage and Salary;
- Job Descriptions;
- Performance Appraisals;
- Status Changes;
- Attendance Records;
- Training Plans;
- Retirement; and
- Termination.

### **6.6.1. Best Practices**

Assure that records are disclosed only to authorised persons.

Restrict access to file storage areas and use of files.

Protect computer files, correspondence and electronic communications containing employee data from intrusion or unauthorised disclosure.

Review contents of personnel records periodically to ensure retention of relevant information.

Provide training to any employees involved with record keeping to ensure that accuracy and confidentiality are maintained.

Develop and maintain an effective Disaster Recovery Programme.

The development of Human Systems is a very major undertaking and FoodBev SETA needs to build it in stages.

## **6.7. Human Systems Development And Planning Recommendations**

### **6.7.1. Functional Roles and Responsibilities**

The roles and responsibilities for the Human Resources function may be established in different ways. Many organisations have a manager whose sole responsibility is Human Resources. In smaller organisations, the workload may not justify this position. In a review of 13 SETAS only three (ISETT, CETA and HWSETA) had Human Resources Managers. Most SETAS, including FoodBev SETA, are too small to justify a dedicated position. This does not mean that Human Resources systems are not important. What it does mean is that responsibilities have to be allotted to various people both inside and outside the organisation. In FoodBev SETA a sensible paradigm includes the following roles:

**CEO** – champion and strategic driver of the development of Human Resources systems. That could include critical processes such as remuneration, job evaluation, and performance management.

**OUTSOURCED SPECIALISTS** - special expertise is needed in developing key components of the HR function. This has already begun. What is needed is continuing expertise in building systems and providing the advice and training needed in implementing these systems.

**CORPORATE SERVICES MANAGER** - has the in-house responsibility for co-ordinating with CEO and outsourced specialists to manage the installation of HR systems and ensure that they are both understood and used in the organisation. Further responsibilities would include: co-ordinating training, HR planning and forecasting and ensuring legal compliance.

**SUPPORT ADMINISTRATORS** – whether in Finance and/or Corporate Services. Their role is to input non-confidential HR data into automated HR Information System.

MANAGERS-Organisation-wide, managers have a day-to-day responsibility to develop and manage their staff. This includes:

- Recruiting effective staff;
- Motivating and retaining employees;
- Improving productivity and achieving targets;
- Cultivating good work habits and team work;
- Coaching employees to help them improve/enhance performance; and
- Linking individual goals and objectives to the Organisation's objectives.

This means that Human Resource Development should be an integral part of every manager's responsibility. The development, training, and appraising of employees is part of their work and they should be held accountable for it and recognised and rewarded for doing a good job.

**6.7.2. Best Practices**

Set the functions and goals of HR to support employees and the organisation's plans.

Build human resource requirements into every manager's job.

Give managers the training they need to carry out these responsibilities.

**6.7.3. Human Resources Management Plan**

GOALS	OBJECTIVES	STRATEGIES	ACTIONS
<b>ORGANISATION STRUCTURE</b> Ensure structure supports FoodBev SETA's goals	"Right size" Provide enough staff to support functional objectives	<ul style="list-style-type: none"> <li>• Balance workloads</li> <li>• Provide coordinate links</li> <li>• Functional analyses</li> </ul>	<ul style="list-style-type: none"> <li>• Close gaps identified</li> <li>• Hire additional staff</li> <li>• Redefine some existing positions</li> <li>• Add responsibilities to some existing positions</li> </ul>
<b>STAFFING</b> Ensure right people are in the right positions and sustain high performance employees	Find and attract capable staff	<ul style="list-style-type: none"> <li>• Use effective recruitment process</li> <li>• Use contract employees to fill short term needs</li> </ul>	Current staff recruitment needs: <ul style="list-style-type: none"> <li>• Accountant/grants/levies</li> <li>• SME Coordinator</li> <li>• Develop FORMAL Induction process</li> </ul>
<b>HR ROLES</b> Ensure that the Capacity Building Process is led by qualified HR specialists	Assign accountabilities for HR function	<ul style="list-style-type: none"> <li>• Decide on Developers</li> <li>• Communicate roles and responsibilities to Staff</li> </ul>	Outsource development of system to HR specialists

<b>GOALS</b>	<b>OBJECTIVES</b>	<b>STRATEGIES</b>	<b>ACTIONS</b>
<b>ISO CERTIFICATION</b> Certification for F/BSETA	To be recognised as a high performance organisation	Map processes on a priority basis required for certification	Set action plan with ISO consultant to map required HR processes
<b>PERFORMANCE AND REMUNERATION</b>	Reward High Performance Employees	Establish Pay for Performance system	Develop and implement the broad banded systems created by 21 <sup>st</sup> Century
<b>MANAGEMENT DEVELOPMENT</b> Provide Management and Leadership development	Ensure that managers have the training need to effectively manage and develop their employees	<ul style="list-style-type: none"> <li>• Create roadmap for Managers dependent on priority needs</li> <li>• Build development plans</li> </ul>	<ul style="list-style-type: none"> <li>• Ensure that Managers are thoroughly trained on all areas pertaining to the development of their employees</li> <li>• When performance appraisal system is ready to be implemented ensure that specific training is given to managers</li> </ul>
<b>EMPLOYEE COMMUNICATION</b>	Ensure that employees are "kept in the loop"	Set up various communication approaches	<ul style="list-style-type: none"> <li>• Meet, talk, team build, get and give feedback to avoid the "US-THEM SYNDROME"</li> </ul>
<b>GENERAL TRAINING &amp; DEVELOPMENT</b>	Create learning opportunities in order to build skills, knowledge and competencies	Connect training to performance	<ul style="list-style-type: none"> <li>• Perform training needs assessments</li> <li>• Create training plans</li> </ul>
<b>TECHNICAL CAPABILITY</b>	Automate HR data for ease of tracking	Link FoodBev SETA's HR needs to various HR technologies	<ul style="list-style-type: none"> <li>• Choose the appropriate system</li> <li>• Ensure employees have access to appropriate information</li> <li>• Protect the confidentiality of sensitive data</li> </ul>

## **7. Next Steps**

Near term follow-on steps could include:

End the Grants disbursements “Roadblock”. Hire additional help.

Ending the Grants disbursement “roadblock” would allow the current Corporate Services Manager to re-deploy roles and responsibilities in three areas:

- Human Resources Systems Development;
- Communication/Marketing activities; and
- Mandatory Grants.

Have Corporate Services Manager, who has HR responsibilities, work closely with ISO consultant to map key HR processes needed for ISO certification

Have all Managers- especially Skills Planning, ETQA, and Corporate Services work closely with CEO to develop an SME strategy. This could include hiring an SME specialist to coordinate all initiatives aimed at identifying, clarifying needs, and increasing participation in this area.

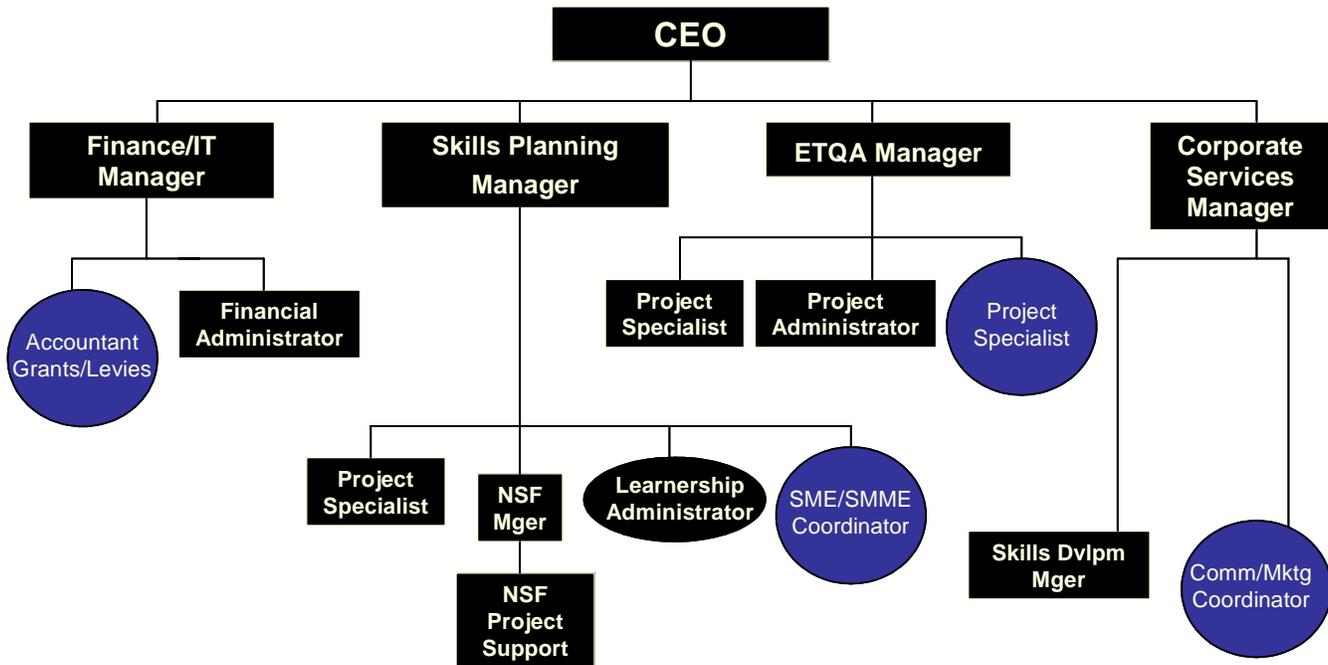
Integrate different policies and procedures into focused and strategy –led document.

Implement balanced scorecard approach in support of performance management.

The first step for dispute resolution should be conciliation.

Define recruitment strategy forecast future skills needs, for short, immediate and long term timeframes.

## APPENDIX A: FoodBev SETA Proposed Organisation Chart



## **APPENDIX B: Human Resources Audit**

### **HUMAN RESOURCES AUDIT**

#### **A. RECRUITMENT AND RETENTION**

1. Are there written policies and procedures for recruitment and selection?
2. Is there a workforce planning and forecasting programme?
3. Is the recruitment process done in a consistent and objective manner with candidates being selected on their qualifications for the position?
4. Is recruitment done in a timely process to prevent disruption or operations and services?
5. Is employee turnover higher than industry norms (usually more than 20% annually)?

#### **B. ASSIGNMENTS PROMOTION AND TRANSFER**

1. Is “succession planning” used in making promotions?
2. Are promotions and transfers based on consistent and logical criteria?

#### **C. COMPENSATION AND FINANCIAL BENEFITS**

1. Is a job evaluation system used to validate job content and determine levels of pay and pay differentials?
2. Is there an overtime policy?
3. Are there financial benefits such as: bonuses, merit increases, cost-of-living adjustments, pay-for-performance, or incentive awards?
4. Is the administration of wages/salaries carried out in a satisfactory manner?

#### **D. BENEFITS**

1. Do employees know their benefit entitlements and is the process for granting benefits satisfactory?
2. Does your organisation provide benefits which could include:
  - a. Leaves
    - Paid holidays
    - Vacations
    - Sick leave
    - Maternity Leave
    - Bereavement Leave
    - Leave without pay
    - Military leave
  - b. Insurance
    - Medical
    - Life

Dental  
Vision  
Unemployment  
Disability  
Workers' Compensation for accidents

- c. Retirement  
Effective and formal retirement policy based on clear criteria  
Pension Plans  
Survivor Benefits
- d. Other Benefits such as:  
Flexible work hours  
Rest periods,  
Employee assistance  
Travel opportunities  
Education opportunities  
Savings Plans

## **E. PERSONNEL POLICIES AND REGULATIONS**

1. **Do you have written personnel policies and practices that clearly state** regulations governing your organisation and employees and the rights of employees?
2. Does your organisation have defined business standards and professional ethics that are understood and shared?
3. Is there a confidentiality policy that is understood and shared?
4. Do your policies cover the following areas:
  - Mission and Structure of the organisation
  - Conditions of employment
  - Working Conditions
  - Safety, security and Incident Reporting
  - Rules and Regulations
  - Compensation and Benefits
  - Assignment, promotions and transfer
  - Employee services
  - Discipline and grievances
  - Separation and end of service
  - Training development opportunities
5. Is the grievance policy fair and are there consistent uses of grievance/ discipline procedures?

## **F. EMPLOYEE RECORDS**

1. Are employee records accurate?
2. Are employee records maintained and updated?

3. Are employee records accessible to the employee?
4. Are employee records kept in a manner to ensure privacy?
5. Are employee records kept in an automated system?

### **G. PERFORMANCE MANAGEMENT**

1. Is there an orientation programme for the new employee?
2. Are there useful job descriptions for each position?
3. Are there performance standards and job objectives against which actual performance is measured?
4. Do employees have the needed tools, equipment and supervision to do their jobs?
5. Are performance appraisals conducted which give employees balanced feedback on areas of achievement and areas of improvement for enhanced performance?
6. Do appraisals award superior performance?
7. Do appraisers get training on how to perform effective performance appraisals?

### **H. EMPLOYEE AND COMMUNITY RELATIONS**

1. Does your organisation periodically conduct employee satisfaction and opinion surveys?
2. Does your organisation have venues for communicating with employees such as Intranet or newsletters?
3. Is there a suggestion system designed to promote feedback from employees?
4. Are labour relations activities conducted in strict accordance with relevant labour laws?
5. Does your organisation have community relations programmes that educate and inform?
6. Is there a programme to ensure a safe work environment?
7. Is there a HR reference library to provide educational information?

### **I. CAREER DEVELOPMENT**

1. ARE career “ paths” established for development and advancement?
2. Are career planning services provided to help employees analyse their abilities and interests?
3. Are there pre-retirement programmes designed to prepare employees for various retirement options?

### **J. TRAINING**

1. Is useful training provided on a timely basis?
2. Is there an opportunity to participate in various types of training and development which could include:
  - Teambuilding
  - Executive leadership and development
  - Management Development

Supervisory skills  
Interpersonal skills  
Communication and language training  
Problem solving and decision making  
Technical, engineering, scientific development  
Professional development – i.e. legal  
Information Technology  
Sales training  
Safety training  
Train-the-trainer

### **APPENDIX C: Organisation Development Quiz**

<b>Question</b>	<b>Yes</b>	<b>No</b>	<b>Comment</b>
Did a formal agreement establish your organisation? (contract, ordinance, legislation, etc.)			
Does your organisation have a governing body such as a Board of Directors or Council?			
Does your organisation have enough budgetary resources to operate effectively?			
Do you have a Mission and vision which is understood and shared by all--- staff as well as stakeholders?			
Do you do strategic planning regularly in order to support goals?			
Do you have a documented organisation structure and can you modify it to suit organisational needs?			
Is workload balanced in your organisation?			
Does every employee have a job description, which assists in clarifying their roles and helps mandate their performance?			
Do you establish and maintain staffing levels to meet the needs of the organisation?			
Is compensation based on the value of the job?			
Are employees rewarded for their accomplishments?			
Are performance reviews given to employees every year and are they fair, consistent and helpful in improving performance?			
Do you have a training programme?			
Do you have enough time to really manage your work and develop your staff?			
Is your organisation proactive?			
Is the working environment satisfactory?			
Does your organisation have a culture of teamwork?			
Do your stakeholders have a good understanding of the services that you provide?			
Do you have a good understanding of what your “customers” need?			
Have you fully utilised your networks, and partners to help you meet your goals and targets?			
Is enough authority delegated in your organisation?			
Are rules and regulations clear, enforced consistently and comply with labour laws?			

## **APPENDIX D: Documents Reviewed**

- Annual Reports of SETA's
- CETA
- FASSET
- FIETA
- FoodBev
- INSETA
- ISETT-SETA
- PSETA
- SESETA
- Basic Conditions of Employment Act 1997
- Business Plan F2003/2004FoodBev SETA
- Chamber of Baking Annual Report 2002
- Constitution of the FoodBev SETA
- Disciplinary Code & Procedure
- Employment Equity Act 1998
- Employment Policy
- Functional Analysis for Executive Officer, Quality Manager, ETQA Administrator, Skills Planning Manager Learnership Administrator, Skills Development Administrator, Chamber Manager, Finance/IT Manager, Financial Administrator
- FoodBev SETA FOCUS Magazines
- Grievance, Dispute & Arbitration Procedure
- Guidelines for the accreditation by the FoodBev SETA of Training Providers, Assessors, and Moderators;
- Internal Audit Report Jan-Feb 2003 by KPMG (Draft) Performance Appraisal 2002
- ISO Processes
- Joint SETA presentation to Parliamentary Labour Portfolio Committee
- Labour Relations Act 1995
- National Skills Development Strategy
- National Skills Fund Implementation Plan
- Performance Appraisal 2002-form...Documents explaining the National Skills Development Strategy, history of legislation; South African Qualifications Authority Act 1995; Skills Development Act 1998, and the Skills Development Levy Act 1999;
- Public Finance Management Act 1999
- Remuneration Committee Charter (Draft)
- Remuneration Model and Reward Strategy, FoodBev SETA

- Role Evaluation System FoodBev SETA
- Sector Skills Plan Jan. 2001; FoodBev SETA
- Staff Assistance Policy
- Staff Role Profiles
- Study Assistance Policy
- Documents explaining:
  - Skills Development Act 1998
  - Skills Development Levy 1999
  - South African Qualifications Authority Act 1995
  - National Skills Development Strategy
  - VIP HR Pkg. And G Drive
- WEBSITE REVIEW of SETAS
  - ESETA
  - INSETA
  - BANKSETA
  - CHIETA
  - THETA
  - SETASA
  - CETA
  - POSLECSETA
  - ETDP-SETA
  - FASSET
  - FoodBev SETA
  - LGW SETA
  - W&RSETA
  - MAPPP
- International TVET (Technical Vocational Education Training) REVIEW
  - Trinidad
  - Jamaica
  - Belize
  - Barbados
  - CARICOM