

# Human Resources

**Telecom Namibia is conscious of the fact that as the industry becomes more knowledge- and information-intensive, there is more reliance on its workforce as human capital is one of the key ingredients for success. In this context, industry competitiveness means that a great deal of attention must be paid to managing human capital exceptionally well in order to be successful. As such, nurturing and developing talent within the company becomes essential.**

## Staff Complement

As at September 30, 2005, 1463 employees were employed, of whom 9% were in managerial positions, 9% in supervisory positions and 83% in operational and support positions. With the successful implementation of the company's Voluntary Separation Programme the size of the workforce is expected to reduce further in the new financial year.

## Employee satisfaction

At least 363 employees, i.e. 31% of the total workforce participated in the survey that was conducted to gain an overall view of critical human capital issues impacting directly on the company's success and profitability. Among criteria judged were job satisfaction, leadership style, commitment/morale, work atmosphere, training and development, rewards, recognition and performance management and company culture.

The data obtained shows that the overall satisfaction level has increased by a small margin of 0.7% from 70.6% in 2004 to 71.3% in 2005.

## Employment Equity

At submission of the first Telecom Namibia's Affirmative Action Plan on 1 September 2000, 46% of employees were from the previously

disadvantaged groups (PDGs). The majority of them were employed in unskilled or semi-skilled functions, with only 1% in top management and 4% in senior management positions. Women comprised 38% of the total workforce.

The company identified areas of under representation and implemented affirmative action measures and interventions to address the under representation of PDGs. The company has since continued to bring about a balanced workforce profile (with specific focus on women) especially at managerial levels. In the year ended 30 September 2005, 89% of employees recruited externally were from the designated groups and 27% females. Employees from the designated groups accounted for 92% of all internal promotions and females accounted for 28%.

## Compensation Systems

The purpose of Telecom Namibia's remuneration strategy is to attract, retain and motivate employees. Remuneration consists of guaranteed remuneration (inclusive of add-on benefits). Fixed remuneration is reviewed once a year to ensure that remuneration remains competitive in comparison to the market. Annual remuneration increases for all employees falling in the bargaining unit are negotiated with the recognised Union.

The company rewards performance through an annual performance bonus to ensure that employees who contribute to the success of the company are recognised for their contributions. The performance bonus is directly linked to both company and individual performance. The company intends ensuring that annual review of fixed remuneration is also based on performance. The Union will be consulted prior to implementing performance-based remuneration for employees falling in the bargaining unit.

## Performance Management

The process to review the current Performance Management System was initiated during the last quarter of the year and a cross-functional team was put together, which has to date made significant progress. The review aims at building simplicity, focus, best practice and automation into the Performance Management System. HR is busy discussing with employees' focus groups a revised value anchored multi-source appraisal (360% degree feedback), revised performance contract, and guidelines on performance management.

## Total Remuneration Package

Recommendations to convert Management Staff to total package were formulated and approved by the Board of Directors. These recommendations will be implemented in the new financial

year. Extensions of total package to the rest of the employees will be phased-in.

## Retention of Critical Skills

A retention initiative aimed at ensuring that high-performing skilled employees occupying key critical positions are paid competitive remuneration was undertaken. The idea is to influence the employees to remain with the company. The necessary approval for implementation has been realized and actual implementation will be done in the New Year.

## Labour Relations

The company has a recognition agreement with the Namibia Public Workers Union, which was signed in 1998. As at 30 September, 1003 employees were members of NAPWU which represents 74% of the total workforce within the

bargaining unit. The bargaining unit includes all employees in the A1 to D3 grades. Managerial employees in the DU+ grades are not represented in the collective bargaining process.

Management regards Union as a key strategic partner and continued to regularly engage the Union leadership with the view to sustain the existing sound relationship between the two parties. The company has also continued to carry the labour costs and associated costs for a full-time Shop Steward who serves as a link between Management, employees and the Union Executive Committee on day-to-day issues.

During the year, the company initiated quarterly briefing sessions between Management and the Union which have so far contributed positively to relations. At these sessions, Union is briefed on all matters of strategic importance, including overall company performance as well as the disclosure of

Company financial statements. In this regard, two Union Shop stewards also attended the Management Strategic Workshop held in March this year as full participants.

Telecom Namibia also sponsored the Union Strategic Workshop held at Gross Barmen where the current Union leadership was elected. In support of this important gathering, both the Managing Director and the General Manager Human Resources & Strategic Training addressed the workshop. The newly elected Shop Stewards attended various company-sponsored training programmes to enhance their knowledge of industrial relations and the Labour Act.

As a result of the company's initiative to strengthen compliance to corporate governance issues, there has been a noted increase in industrial relation cases. While the increases in cases have unfortunately resulted in quite a number of employees having to



*Safety drills at the workplace are important.*

attend formal enquiries, this is also reflective of the effectiveness of controls put in place to root out unethical issues. While a lot of industrial relations training has taken place during the year, more focused training will be provided in the new year to specifically ensure that supervisors and line managers are equipped with the necessary skills and knowledge of legislation governing employee relations.

## Voluntary Separation Programme

Following a review of our optimal employment levels, it was found that Telecom Namibia's labour cost averages 60% of total operating cost, which is way above the norm applicable within the telecommunication industry, and has therefore reached unmanageable levels.

The review further indicated that the skills profile of our workforce does not match the company's current and future skills requirements and that the company is overstaffed by a significant number of employees, most of whom are not geared to adapt to rapid-changing technology requiring highly technical training.

A business decision was therefore taken to embark upon a Voluntary Separation Project. In July 2005 all employees were given an opportunity to apply for a once-off enhanced voluntary separation package on redundancy, ill-health and/or early retirement (i.e. employees aged 50 years and older) conditions. Approval of applications was based on business needs.

A total number of 223 employees applied for voluntary separations (packages) of which 162 were approved. These employees' last working date was 30 September 2005 and were therefore still reflected on headcount for the year ended 30 September 2005. However the severance packages costs relating to these employees were fully provided for as at 30 September 2005.

## Training and Development

Telecom Namibia strives to provide excellent services to employees as well as customers. It is committed to developing leadership skills among staff and retaining them by providing personal, technical and professional learning opportunities. New skills have been identified to propel Telecom Namibia into the world of data, apart from traditional voice technologies.

During the year under review, some 1829 individual employees attended training. The company spent a total of N\$8,53 million on programmes conducted through its Training Centre to improve functional and technical skills for both executive and non-executive staff. Each employee has clocked in an average of 5.8 training days.

To build engineering competencies, five new students were recruited in the year ended 30 September 2005 to participate in the Engineer-in-Training programme which has to date been running for the past six years.

In order to develop technical skills, accelerated formal upgrading technical programmes were also introduced for our technical employees who have over the years picked the competencies to do the job but who do not have formal qualifications and/or certifications. Eight employees successfully completed the programme for certification as Technical Officers while a significant number is expected to complete the programme in 2006.

During the year, 46 employees received financial assistance to pursue further studies at tertiary institutions, while a total of 16 managers have successfully completed the Management Development Programme and seven (7) the Senior Management Programme, conducted by the University of Stellenbosch, South Africa, to enhance their managerial and leadership competencies.



*Long Service Awards.*



*Rewarding excellence in sport.*



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