

Issues within this section

- ▶ Skills attraction and retention
- ▶ Employment equity
- ▶ Transformation through skills development

Powertech – Aberdare Cables

Number of strike days for 2006/7 was 5

Financial cost of industrial action was R1 million



Employees

Skills attraction, retention and development as well as employment equity (EE) are material employee issues common across all Altron subsidiaries.

As such, Altron's various operations have invested in a number of initiatives aimed at developing critical skills, transforming the organisation from the inside through skills development targeted at historically disadvantaged groups, and attracting and retaining black employees to meet EE targets.

Management of employee relationships

Dedicated human resources (HR) divisions operate throughout the Altron group.

The Altron group policy manual regulates the employment of all employees as well as prevailing legislation such as the Employment Equity Act, Skills Development Act, The Labour Relations Act as well as other broad-based BEE Acts.

At Aberdare Cables, which employs about half of Powertech's total staff complement, all hourly paid employees are covered by collective bargaining agreements such as:

- ▶ Schedule F of the Main Agreement for the Iron Steel and Metallurgical Industry; and
- ▶ through a Centralised Bargaining Forum (CBF).

Some 60% of all employees at Aberdare Cables are members of a trade union, but more specifically, 80% of all hourly paid employees are members of a trade union. At all Altron companies, the most senior corporate manager responsible for employee relations and union negotiations is a member of the executive team. Disciplinary and grievance procedures are in place and set out in the group-wide Altron policy manual. These are communicated to all employees when they are employed.

The nature of our engagement with our employees depends on the specific issue concerned and is described in more detail in the sections that follow.

Material issue

Skills attraction, development and retention

Outlining the issue

The skills shortage facing South Africa has affected the ICT sector particularly hard. It is exacerbated by the high demand for such skills within the ICT sector which means that, in addition to finding new talent, companies are finding it increasingly difficult to retain the skilled people they already employ.

This issue is also addressed through the Altron nomination committee, the remuneration committee, the transformation committee and the HR committees. See corporate governance report, page 95.

A variety of solutions

Altron recognises the complex nature of the skills shortage problem and is therefore committed to addressing the challenge on a number of fronts. Interventions across the Altron group companies include programmes aimed at retaining talented staff, attracting new talent from outside the Altron group and developing potential talent from within. In addition, the Altron chief executive takes an active interest in the country's skills shortage and drives certain skills development initiatives that will benefit not only Altron, but the ICT and power electronics sectors as well.

Skills training and development at Powertech

The Powertech Leadership Process aims at developing future leaders from the middle and upper management level, thereby ensuring leadership succession planning. The Powertech IST Human Capital Development Programme includes schools outreach, university bursary and internal employee development components.

Employees *continued*

Powertech Transformers has invested in programmes to develop and train electrical designers and transformer winders, two of its key resources. An in-house winding training centre established in 2007 has seen trainee winders complete 273 windings to date, while Powertech Transformers has also appointed a number of technology engineers-in-training, junior designers, trainees and mechanical engineers-in-training, all of whom will embark on a comprehensive experiential training programme early in 2008. From 2009 Powertech Transformers plans to recruit five electrical designer trainees each year.

Powertech Batteries has also established learnerships and graduate trainee programmes in order to address the skills shortage issue. While these initiatives focus on the important development of managerial talent, Powertech Batteries recognises the need to develop skills at the level of the shop floor as well.

Rewarding skills at Altech

Altech conducts independent salary benchmarking surveys and where necessary makes adjustments to ensure that it is able to motivate and retain key skills. The Altech group prioritises the retention of its core skills by benchmarking salaries with the market's upper percentile earnings bracket.

Responding to staff surveys at Altech Netstar

The call centre-based industry in which Altech Netstar operates is characterised by a high staff turnover rate and the company has embarked on a number of initiatives to curb this trend and retain key skills. Information gathered during exit-interviews revealed that staff were looking for increased development opportunities and,

as a result, Altech Netstar has employed a training manager to head up a skills development division, reporting directly to the management committee. During the year, Altech Netstar commissioned independent consultants to conduct an analysis of training facilities and procedures. One area for improvement highlighted by this analysis has resulted in a new training strategy, launched in line with best practices, that will be rolled out during 2008. The company also plans to conduct a staff satisfaction survey, the findings of which will be used to implement changes to boost morale, reduce staff turnover and increase performance.

Management and succession planning at Altech Autopage Cellular

Altech Autopage Cellular offers staff study loans to encourage them to further their education and skills training, and during the year nominated 40 of its employees to attend courses at the Altech Academy. It also held various leadership and management development courses, including Management for Greatness and The Nine Conversations in Leadership. Succession planning has been identified as an area for improvement and Altech Autopage Cellular will focus its attention on this issue during the 2008 financial year.

Bytes

The Bytes group also carried out critical skills remuneration adjustments during the year under review. This forms an important part of Bytes's ongoing skills retention strategy. Surveys of market trends in remuneration are carried out on a regular basis and where they show Bytes to be below-average in certain areas pertaining to key skills, Bytes makes the necessary adjustments.

The Altech Academy – a new standard for skills development

During the year under review Altech made significant progress in its skills development strategy with the establishment of a fully accredited education facility for employees. Known as the Altech Academy, the facility's courses will be tailored to meet the specific skills requirements of the company. It will initially be administered through the Da Vinci Institute for Technology Management, a higher education institution that focuses on post-graduate business management studies, but the company aims to develop further partnerships with other institutions and universities for specialised programmes.

The Academy offers courses on four levels:

- ▶ Foundation programmes range from personal development to training in job-specific skills to provide a foundation on which employees will be able to build their careers.
- ▶ Practical general management programmes that help employees to fill in the gaps in their knowledge and expertise.
- ▶ Senior- and middle-management development programmes provide formal education and training.
- ▶ Executive development programmes expose executives to new concepts and tools based on a global view of business.
- ▶ The Academy will also play an important role in establishing Altech as a preferred employer, providing evidence to prospective employees of the commitment Altech has to invest in the development of its people.



Prof Ray Marcus (chairman of the Da Vinci Institute) and Johan Klein (Altech's executive for HR and the Altech Academy's director of studies).



The production of workforce diversity is central to employment equity.



Material issue

Employment equity

All Altron group companies have set targets for EE in line with those outlined by the dti CoGP. Although most companies within the Altron group score relatively high on EE targets within the lower occupational levels, there is room for improvement at middle and senior-management levels. Internal skills development initiatives aimed at historically disadvantaged employees (discussed in the next section) go a long way towards helping the company achieve EE targets, but they are not the only strategy employed. The group actively recruits historically disadvantaged individuals (HDIs) externally as well and reports monthly at management committee meetings on EE as part of the broader transformation issue.

As part of the EE plan submitted to the Department of Labour annually, Altech Netstar has committed to improving its EE scores, particularly at the senior and top management levels where the current percentages are very low. Altech Netstar's recruitment policy highlights the importance of employing black men and women, both able-bodied and those with disabilities, who meet the requirement as specified in the job description. The introduction of a succession and career planning policy with clear targets linked to EE goals will boost Altech Netstar's ability to meet future EE targets. At Altech Autopage Cellular, the lower occupational levels are well represented in terms of EE but the higher levels within the organisation remain a challenge. Altech Autopage Cellular is actively sourcing disabled EE candidates through its affiliation with Bytes and has appointed a recruitment agency that specialises in disabled placements to its preferred supplier list.

Employees *continued*

Altron group workforce (SA)

	Male								Female								Total SA workforce	% black representation	% female black representation
	Able				Disabled*				Able				Disabled						
	African	Coloured	Indian	White	African	Coloured	Indian	White	African	Coloured	Indian	White	African	Coloured	Indian	White			
Senior top management	—	—	—	2	—	—	—	—	—	—	—	1	—	—	—	—	3	—	—
Other top management	8	5	3	82	—	—	—	6	2	—	1	6	—	—	—	—	113	16.81	2.65
Senior management	12	16	23	286	—	—	—	1	8	6	8	51	—	—	—	—	411	17.76	5.35
Middle management – professionally qualified and specialists	176	205	124	919	1	1	2	7	65	38	67	307	1	—	1	2	1 916	35.54	8.98
Junior management – academic qualified and skilled technicians	1 165	544	441	1 275	19	5	2	9	488	224	292	710	3	—	1	3	5 181	61.46	19.46
Semi-skilled and discretionary decision-making	1 278	309	62	111	18	8	—	2	362	125	65	192	10	1	—	3	2 546	87.90	22.11
Unskilled and defined decision-making	843	84	64	28	10	2	—	1	280	34	56	13	1	—	—	—	1 416	97.03	26.20
Total permanent workforce	3 482	1 163	717	2 703	48	16	4	26	1 205	427	489	1 280	15	1	2	8	11 586	65.33	18.46

*Disabled – as per definition in the Disability Act

This report should be the same as your EEA2 Report as far as possible. If it is not, you need to be able to justify the differences to the verification agency.

Table reflecting total Altron group employee complement

	Altech	Bytes	Powertech	Corporate	Total
Permanent South African	2 535	3 968	5 000	83	11 586
Non-permanent	985	223	100	—	1 308
Total SA operations	3 520	4 191	5 100	83	12 894
Offshore operations	691	243	389	—	1 323
Total Altron group	4 211	4 434	5 489	83	14 217

A committee to drive change

Powertech Transformers' equity and development committee oversees the combined issues of equality and development, fostering a spirit of consultation between employees and the company, particularly in respect of education and training programmes. Through the equity and development policy document, it provides direction and guidance on meeting the organisation's targets, while providing additional input on social economic development, qualifying small enterprises and exempted micro enterprises.

Powertech Transformers' winding training centre in Pretoria.



Bytes People Solutions' training centre at Midrand.

**Material issue****Transformation through skills development**

Meeting EE targets is a vital part of internal transformation. However, the general skills shortage within the ICT and power electronics industries presents significant challenges to meeting these targets through external recruitment alone, which is why Altron has placed such a high level of importance on internal skills development among historically disadvantaged employee groups. At a group level, the Altron Secretariat provides 6 to 12 months' worth of practical training to talented black company secretarial students through its cadet scheme, while the corporate communications department offers similar learnerships that provide graduates with on-the-job experience. The Altron group also runs an Adult Basic Education and Training (ABET) Scheme for HDIs and, during the year, employees engaged in this programme completed a course and were awarded certificates in basic mathematics.

Aside from the dti CoGP, Altron complies with the relevant South African legislation pertaining to skills development and training. The Altron group has an Altron management services HR committee which coordinates and oversees the following activities:

- ▶ Policies on employee training and development which are reviewed regularly and made available through periodic updates with employees.
- ▶ The HR departments at the company's various subsidiaries coordinate all employee training and development.
- ▶ Relevant submissions made to the Department of Manpower from time to time.

The spend on skills development is as follows

Spend on skills learning programmes	
Legal entity	R000
Altron Corporate	279 506
Bytes	17 500 000
Altech	10 384 742
Powertech	35 079 246
Altron group	63 243 494

POWERTECH

- ▶ DPM, spent 93% of its total R1.5 million on training HDIs and aligned its training programmes with the principles of the Learning Programme Matrix. The number of delegates participating in occupationally directed learning programmes almost doubled from 2007 to 2008 and DPM currently spends 2.59% of payroll on skills development, well ahead of the Altron group target of 1% for 2010.

ALTECH

- ▶ Altech UEC invested R1.4 million in staff training and development initiatives during the year, which were attended by 465 black males and 140 black females. It granted three bursaries to black males and plans to develop more learnerships for black supervisors and foremen in its Durban and Randburg manufacturing plants.
- ▶ AAD meets 100% of its semi- and unskilled EE targets for HDIs but only 20% of the approximately 600 graduates it requires for more senior levels will come from HDI groups. AAD therefore uses a combination of internal training and external recruitment and has implemented junior management level learnerships to develop HDI employees for possible promotion into middle management in the medium to long term.
- ▶ Altech Netstar places emphasis on succession planning for senior positions, identifying and developing suitable HDI candidates from its existing talent pool.
- ▶ Altech Autopage Cellular is considering employing a group of disabled black learners who have completed call centre learnerships at Bytes.
- ▶ Altech Isis introduced a learnership programme and enrolled 10 new black female tertiary students.

BYTES

- ▶ Bytes People Solutions has been at the forefront of disabled learnership training in the industry, training 100 disabled learners since 2004. Since this company completed its first end-user computing learnership for people with disabilities, it went on to develop the skills of a second group and is already interviewing candidates for a third intake. Upon completion of the learnership, candidates receive an NQF 3 qualification in End User Computing, which makes them fully computer literate in various Microsoft applications and ideal candidates for administrative positions.
- ▶ Bytes collaborates with Altech and Powertech to secure workplace experience for as many learners as possible as this increases their employability. To date, approximately 75% of the first learner group have been employed permanently or on fixed-term contracts, either within the Bytes group or with external companies. Bytes People Solutions, for example, employs three learners from this group in ERP, Finance and Skills Development. The qualified learnerships have helped to triple the amount of disabled employees in this company, thus ensuring far greater compliance with BBBEE legislation and the Employment Equity Act.