



The Turn-over Rate of Heads of Department and its Implications for the Public Service

Public Service Commission

June 2008



Vision

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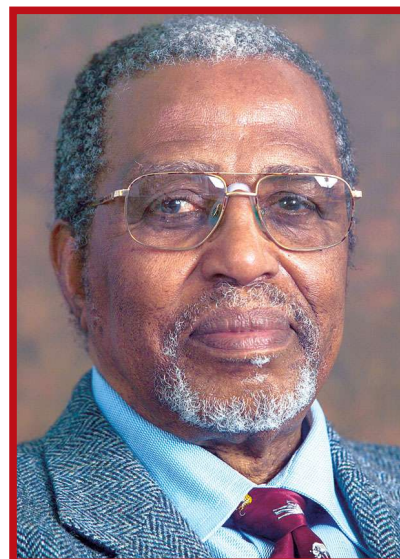
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FOREWORD

In 2004 the Public Service Commission (PSC) released a report on the Causes and Effects of Mobility in the Senior Management Service (SMS) and amongst Professional Staff in the Public Service. The report raised various challenges of managing turnover at the senior levels within the Public Service, and the PSC found it important to follow up with a more in-depth assessment of turnover rates amongst the most senior members of the administrative leadership in the Public Service, namely Heads of Department (HoDs).



The issues raised in this report largely corroborate the findings highlighted in the report on the Causes and Effects of Mobility in the Senior Management Service (SMS) and amongst Professional Staff in the Public Service. This assessment provides actual data on turnover levels, and points to the realities in HoD turnover, the implications of such turnover, and the varied reasons for the turnover.

Given that the turnover of senior managers is not a uniquely South African challenge, the report also looks at the experiences of other countries. These international experiences are important and can inform how we shape the future of the Public Service because we need to learn from the lessons of those who have walked the path of Public Service reform before us. The literature review was conducted with the full appreciation of the uniqueness of the system that the South African Public Service has established for HoD appointments and terminations.

We are very grateful to all of those who assisted us in this study and provided valuable information for the assessment. The value of the assessment nevertheless resides in the extent to which all of us commit ourselves to engaging with the content of the report and debating the issues raised and the recommendations made. It is thus with positive anticipation of a wider debate on the kind of Public Service that we want, that I present this report on the *Turn-Over Rate of Heads of Departments and its Implications for the Public Service*.

A handwritten signature in black ink, which appears to read 'S.S. Sangweni'. The signature is stylized and fluid.

PROFESSOR S.S. SANGWENI
CHAIRPERSON: PUBLIC SERVICE COMMISSION

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ABBREVIATIONS AND ACRONYMS

CEO	Chief Executive Officer
DDG	Deputy Director General
DG	Director General
DPSA	Department of Public Service and Administration
EA	Executive Authorities
FOSAD	Forum of South African Directors General
HoDs	Heads of Department
HR	Human Resources
MEC	Member of the Executive Council in a Province
NPM	New Public Management
PERSAL	Personnel and Salary Administration System
PFMA	Public Finance Management Act
PSC	Public Service Commission
SMS	Senior Management Service

EXECUTIVE SUMMARY

1. INTRODUCTION

One of the key challenges of the South African Public Service is to recruit, develop and retain competent leaders and managers. Given the responsibilities and demands delegated to them, Public Service managers shoulder an important task of transforming the strategic vision, goals and objectives of government into effective service delivery. It is therefore important to ensure that a certain level of stability in the country's Public Service leadership is maintained so that the momentum with which government's programmes are being delivered is not compromised by frequent changes in leadership.

Experience has shown that with each new Head of Department (HoD) who comes into a department, new strategies and plans may be introduced, thus subjecting a department to a process of frequent changes. This is made even more difficult by the fact that there is no system of proper handover or orientation from the departing to the newly appointed HoD in the Public Service. Where a change in Public Service leadership occurs, there must be a proper handover to facilitate stability during the transition. This stability is particularly crucial when there is transition from one electoral term of government to another as will be the case in South Africa in 2009.

Given the above consideration, the PSC found it necessary to conduct research to assess the extent and impact of the turnover rate of HoDs in the Public Service. Turnover is not confined to terminations from the Public Service it also includes transfers within the Public Service and changes in responsibilities emanating from the splitting of departmental functions. The research seeks to generate discussion on how government can deal with the effect of and manage turnover levels in the Public Service. The report provides an analysis of the trends over time since 2003 to date.

2. OBJECTIVES

The objectives of the study were to:

- establish the extent of the turn-over rate of HoDs in the Public Service, and thus establish a baseline for future monitoring;
- assess the reasons for and contributory factors leading to the turnover;
- assess the impact of the three year contract based employment system of HoDs; and
- assess the impact of the turnover of HoDs on the ability of departments to deliver on their mandates.

3. METHODOLOGY

The following methodology was applied during the study:

- the sample for the study comprised all current and a selected number of former HoDs as well as representatives from Human Resource (HR) components and/or officials from HoDs' Offices;
- three types of questionnaires were utilized, one was completed by current HoDs, the second by former HoDs and the third by representatives from HR components and/or officials from HoDs' Offices;
- literature review of HoD turnover experiences of other countries was undertaken; and
- Information on the actual turnover rates was obtained from the Personnel and Salary Administration (PERSAL) System and analysed.

4. LIMITATIONS

The following limitations were encountered during the study:

- A limited number of questionnaires were completed by former and current HoDs with the response rate of 6% and 49%, respectively. A higher response rate would have provided a broader perspective from different experiences of HoDs and thus deepen the analysis of the study; and
- Some questionnaires were completed in a brief and cryptic manner, posing difficulties in trying to understand some of the responses provided.

5. FINDINGS

The turnover of HoDs across national public services is dependent on a variety of contextual factors, key among which tends to be the legislation and regulations which govern appointments and terminations. The Public Service Act, 1994, section 3 (b) (1), stipulates that the President or the Premier appoints the HoDs or may delegate those powers if they so choose. Currently, HoDs are appointed within a 3-5 year contract framework. The contract regulates the appointment and conditions of service for HoDs. Provision is made that the President or the Premier may transfer the Head of a national or provincial department to another department or agency of equal, higher or lower grading when considered appropriate.

Different countries' experiences vary with regards to turnover rates. However, global trends seem to indicate higher turnover rates when compared to South Africa. Some systems seek to encourage a certain level of stability amongst the heads of public institutions, whilst others view a certain level of turnover as necessary for innovation and performance purposes.

The findings as per the responses in this study point to the fact that the turnover incidences are caused by some of the following factors:

- Contracts of the HoDs coming to an end which causes uncertainty as to whether their contracts will be renewed or not;
- Transfers between departments;
- HoDs leaving the Public Service before the expiry of their contracts because of certain push or pull factors;
 - o An example of a push factor that was mostly cited by respondents was the issue of negative relationship between the HoD and the Executive Authority. Eighty nine percent (89%) of all HoD respondents believed that their security of tenure is directly linked to their relationship with the Executive Authority;
 - o An example of a pull factor happens when an HoD's contract is about to expire, the HoD actively seeks opportunities and in some instances exits the Public Service before their contract expires, when they receive lucrative offers elsewhere;
 - o The current 3-5 year contract tenure model used in South Africa is also contributing towards the level of mobility and turnover experienced within the South African Public Service; and
- Experience has shown that during the time of political changes of government, there is normally a high level of movement that can be expected, and according to the responses received most HoDs have accepted this reality.

5.1 TURNOVER AND ITS IMPLICATIONS FOR THE PUBLIC SERVICE

Much of the available literature focuses on the causes of turnover and is often premised on the perspective that turnover is costly and should be prevented. However, a deeper analysis of the literature reveals that whilst turnover can be negative for Public Service organisational performance, too little leadership turnover can also be problematic. Some level of turnover in the administrative leadership of organisations can have positive consequences for

organisations. The possibility of turnover can reduce complacency, lead to change and innovation and facilitate the displacement of poor performers. Conversely, a high rate of turnover might negatively affect productivity, service delivery and institutional memory and organisational knowledge.

5.1.1 Heads of Department turnover rates

The incidents of turnover across national and provincial departments for the 2003/04 to 2006/07 financial years are recorded as 92 for the termination of service, 48 for transfers and 19 for the splitting of functions. In this regard, the termination of contracts account for over 59 % of the incidents recorded in PERSAL, transfers account for 30% and appointments on the basis of the splitting of functions for 11% of the incidents. The data revealed some variations across provinces and between provinces and national departments. For example, there is a higher rate of transfers in Gauteng than there is in other provinces. Details from PERSAL do not include information on the reasons for contract termination and whether the contracts were terminated before the agreed date. Such data is essential for future analyses as it could inform interventions to manage the turnover rates.

Information received from completed questionnaires by respondents at national and provincial levels revealed a similar pattern of turnover to the data extracted from PERSAL. Only ten (10) of the fifty nine (59) respondents from the HR or DGs' offices indicated that they had not experienced an HoD turnover during the 2003/04 to 2006/07 financial years. This indicates an HoD turnover rate of over 25% for the period under review.

5.1.2 Turnover Patterns during the Overall Period covered by the Study

Assessing the incidents of turnover over a period of time allows for a review of whether these incidents occur principally when there are certain developments such as changes in the political environment. Generally, contracts are not necessarily linked to the political period of a Minister or Member of the Executive Committee (MEC). In terms of the actual incidents of turnover that were captured on the PERSAL System, the data suggests that the HoD turnover gained momentum four months after the elections, as 9 incidents of turnover were recorded. This could be due to changes in the incumbents in political office as a result of the formation of new executives at both national and provincial levels. In general, HoD turnover appears to be constant and there is no recorded month during which there was no HoD turnover incident.

5.1.3 Turnover due to transfers in the Public Service

In many instances, the turnover levels are due to transfers to other departments and not necessarily terminations of contracts. Whilst a large percentage of the incidents relate to actual terminations, transfers within the Public Service appear to be a growing phenomenon. There are indications from the qualitative responses to questions that provinces are increasingly using transfers as a strategy to encourage change and appointment of new staff. In other cases, transfers are used to relocate an HoD until her/his contract expires, and this is perceived as a way of edging the HoD out of their position.

5.1.4 Qualitative Perspectives on turnover levels

The levels of actual turnover amongst HoDs are reflected in the available data from PERSAL. There are nevertheless very strong articulated perspectives in the questionnaires amongst former and current HoDs in provinces and national departments on the HoD turnover patterns. These views are significant as they shape commitment levels and perceptions of future stability. Provincial HoDs indicated that they believed the situation in their respective provinces was stable and that HoD turnover was a phenomenon in provinces other than their own as well as in national departments. Perceptions about the reasons for the turnover centre around the relationships between the EA and HoDs. These perceptions of current and former HoDs are articulated in various ways.

Whilst indicating strong perspectives on the levels and reasons for the turnover of HoDs experienced, many of the respondents recognised that actual data was required and each case of turnover needs to be treated on its own merits. There was also a strong argument for comparative analyses with the private sector and other countries

in order to establish benchmarks for the patterns of turnover that are experienced.

5.1.5 The implications of turnover for the management of departments

The general perception amongst surveyed respondents is that the invariable result of HoD turnover is that departments engage in exercises that result in changes to organisational structures, strategies and the overall operations of the department. New HoDs are said to focus substantive attention on building their own teams and hence departments usually experience some level of senior management turnover when a new HoD is appointed. However, respondents generally felt that a relatively high level of stability and continuity was experienced in departments where the appointment of an HoD was internal.

Whilst there were expressed concerns about the impact of changes on the management of departments, there were very positive perspectives about the changes the respondents had experienced as a result of new HoDs being appointed. This high level of positive comments on changes experienced may suggest that there is an improvement in the quality of the HoDs appointed and that the Public Service is getting better at ensuring that the most appropriate and qualified individual is appointed as an HoD.

5.1.6 The implications of turnover for the delivery of services

Respondents indicated that management operations of departments are impacted on negatively whenever there is a change of administrative leadership. This is mainly due to the fact that it takes about six months to a year for the new HoD to settle in. The new HoD establishes new strategies and approaches, gains made by the old HoD are not leveraged upon and the new HoD is sometimes unable to account for work or progress that took place during the previous period.

5.1.7 The management of turnover transitions

The current 3-5 year contract framework inevitably results in a constant occurrence of turnover incidences within the administrative leadership in the Public Service. These occurrences increasingly underscore the importance of building organisations that are able to sustain change and continue to deliver effectively. The HoDs and departmental officials point to the fact that stability in the senior management echelons enables departments to absorb a change in the administrative leadership quicker than in instances where senior management is weak.


Very few departments suggest that they have an established system or approach to ensure a smooth transition between HoDs. However, many indicated that if departments have stabilised, and delegations to lower levels are in place, the transitional process is normally not a problem. Many of the existing HoD respondents indicated that whilst they are in their positions, they ensure that a new level of leadership is able to emerge from within. Succession planning is, however, often very informal. HoDs have suggested that succession planning needs to be formalised to ensure that there are always possible candidates internally for the position if it becomes vacant. Whilst many of the respondents suggest having a system or process in place for a hand-over, there is little to suggest that formal procedures or processes exist in this regard.

5.2 PERSPECTIVES ON TURNOVER AND RETENTION

The perspectives of HoDs and officials in HR components and/or HoDs' Offices are central to understanding the realities that confront HoDs as they engage in considering their role and future in the Public Service. This section is thus focused on highlighting in summary, the articulated perspectives of all who responded to the survey questionnaires.

5.2.1 Contract period and the system

The regulations and concomitant decisions of Cabinet make provision for contracts to be between three and five years initially and then followed by renewal for three year periods (maximum). There is no limit set on the number of periods



that a contract can be renewed. Whilst established to attract outside talent and manage performance, the perspective of most current and former HoDs is that the system is problematic as it creates a high level of uncertainty for HoDs.

There are deep variations in the initial HoD contract period used across the Public Service. In some instances, a five year period is used whilst in others a three year period is used. Most current and former HoDs contend that a three year period is too short and is not sufficient for an impact to be made and for a proper judgement to be made on overall performance.

5.2.2 Security of tenure and turnover

Whilst the system of HoD contracts was not a matter of deep concern, anxieties relating to future employment possibilities is very high on the agenda of current HoDs. In this regard, many HoDs expressed confidence in their own capacity and their general market value, whilst some respondents were very concerned about their future in the Public Service. One of the major concerns was that some officials had to give up more permanent and secure positions in the Public Service in order to take on the HoD post.

Some serving officials were encouraged to apply for the position of HoD as they were deemed suitable. Many of these officials are career public servants and remain committed to continuing within the Public Service. Whilst recognising that the HoD position is a contract position, career public servants felt disadvantaged and suggest that the system tends to discourage internal candidates, as it comes with a high level of uncertainty and there is no security or commitment that they could be redeployed when their term comes to an end. However, some of the former HoDs indicated that given an opportunity they will return to the Public Service.

5.2.3 Relationships and the Executive Interface

Respondents were generally resigned to the possibility that their positions would not be secure when there is a change of political leadership. Very few of the respondents served more than one EA and the general suggestion by some is that it is this relationship, and not necessarily competence to perform the job, that determines the length of the tenure of a HoD. In this regard, 89% of the current HoDs who responded to the questionnaire believe that their security of tenure is directly linked to their relationships with EAs.

5.2.4 The impact of political change and uncertainty

As high as 61% of HoDs felt that a change in the political leadership of a department will result in a change of HoD. As a result, these HoDs are of the opinion that their positions are not secure and that they are likely to be removed when there is a change in the political environment. Whilst many have accepted that there will be changes and that they will not continue beyond the period of existing Executive Authorities, some argue strongly that the system needs to be such that HoDs are judged purely on the basis of performance and that this process should be overseen by the President or Premiers.

5.2.5 Market opportunities and incentives

One of the key elements for consideration in the turnover rates of HoDs is the extent to which there is a general market for their skills and capacities. Responses to this issue were mixed from former HoDs. Some articulated a very strong perspective that they were committed to the Public Service and did not see the private sector as an attractive option. However, others asserted that, given their roles, they were often confronted with various business opportunities. One of the key attractions for former HoDs was the sense that if they do not take up Black Economic Empowerment (BEE) opportunities at a given time, it might be too late for them to do so when their contracts formally expire.

Responses from current HoDs on the pull of business were also generally very mixed. Whilst many recognised that the private sector would be able to pay better, this was not always a preferred option. In many instances, HoDs articulated a strong commitment to Public Service and the possibility of moving to another position within the

Public Service. Whilst there were some concerns about salary levels, there was also a view that the HoD salaries are attractive.

5.2.6 Attracting and building required capacities

The study also identified that another contributory issue on the turnover of HoDs is that the most appropriate individual is not always appointed to the position. The consequence of poor appointments is that it often leads to premature termination of contracts. The HoDs and officials argued strongly that there needs to be a more rigorous approach to the appointment process to ensure that the most talented individuals are appointed. A number also argued for the continuous conducting of competency assessments prior to the appointment of an HoD.

In addition to suggesting the need for qualifying requirements for an HoD position, it was felt that HoDs should have a certain minimum academic qualification. Specific emphasis was placed on mentoring and succession planning. The HoDs expressed a view that they were actively involved in building capacities within their departments and that this will result in there being internal candidates for the HoD position. It was suggested that some form of training for HoDs on the transversal systems in government would facilitate the entry of HoDs appointed from outside of the Public Service. Often external appointees are not aware of these systems and are not able to function and perform in the most optimal manner.

5.2.7 Commitment to the Public Service

Contrary to the perception that HoDs exit the Public Service because they are attracted by better remuneration packages and working conditions in the private sector, many remain deeply committed to the Public Service. A number of former HoDs indicated that they are indeed willing to return to the Public Service if they are approached and required. Only one of the former HoDs who responded indicated they would never return because of a feeling that they were treated very badly and the conditions were unbearable.

The commitment to Public Service was evident in many of the responses. A number of HoDs indicated that they would continue to seek opportunities in the Public Service and would welcome the opportunity for their contracts to be renewed or for them to be rotated within the Public Service. This issue was particularly strong amongst those who became HoDs through promotion within the Public Service.

6. RECOMMENDATIONS

Suggested future interventions include options focused on the overall system of HoD appointments as well as specific actions to limit the negative impact of HoD turnover. In presenting the broader options, the approach of the PSC is to encourage debate so that the most appropriate system can be established. The approaches suggested are as follows and not necessarily mutually exclusive:

- Option 1: Retaining the existing system while strengthening Recruitment and Selection processes
- Option 2: Incorporating HoDs into the permanent Public Service
- Option 3: Rotation and the use of career public servants

The options, as presented, serve to enhance debate and provide a platform for crafting a system that would be most effective in the future. The merits of each approach are presented without necessarily presenting an argument for one option over another. However, collectively they suggest that there is a need for a considered intervention in order to avoid ad-hoc crisis interventions that will not address the systemic weakness that the study reveals.

In addition to options pertaining to the overall system for HoD appointment and retentions, the following recommendations will minimise the impact of HoD turnover:

- **Induction into the public service and HoD roles:** All new HoDs should attend a compulsory Executive Induction Programme to introduce them to the Public Service and their roles.
- **Performance management and development:** The performance management system needs to be simplified and implemented as per regulations to ensure that performance management serves as basis for professionalizing HoD appointments and terminations.
- **Stabilisation and HoD transitional guide for departments:** A guide for HoD transitions within departments should be developed. Departments need to be guided on the most appropriate approach to manage the change process to minimise the disruptions on service delivery. This will serve to ensure that there is continuity. It will also minimise the tendency to engage in widespread institutional change when new HoDs are appointed.
- **Support and mentorship for the management of the executive interface:** As changes to legislation or regulations is time consuming and institutions can never fully anticipate all of the likely difficulties that emerge in the relationships, a support and mentorship process should be developed for HoDs. New HoDs and those who confront problems should be able to approach a central authority like the Premier's Office or the Presidency for support. Such an office would then link the HoD to another HoD colleague for ongoing guidance and mentorship.
- **Salaries and other incentives for HoDs:** It is necessary to look carefully at HoD salaries and benefits compared to their private sector counterparts and find ways of keeping the remuneration packages competitive. Attention also needs to be focused on career development opportunities for HoDs.
- **Consolidation of the management of career incidents of HoDs:** There is a need to centralise the management of the career incidents of HoDs to avoid duplication and to facilitate the effective management of contracts and performance.

These recommendations are not contingent on resolving the whole issue of the management of career incidents of HoDs and the kind of Public Service we want for the future. They are readily implementable even though it will be important to keep the bigger picture in mind.

7. CONCLUSION

This study has explored the turnover rate of HoDs and its implications for the Public Service. It has also reflected on the experiences of HoDs and on how departments are affected by the turnover. Grappling with the realities of HoD turnover requires a focus on the overall system of HoD appointment and termination and the development of specific interventions to minimise the impact of turnover on the Public Service. Within the limits of the overall system there are various options that may be considered for the future. In shaping these options, it is necessary to draw on the available systems that are in operation across the globe and on the specific realities that face the South African Public Service.

Chapter One

Introduction

1.1 BACKGROUND

One of the key challenges of the South African Public Service is to recruit, develop and retain competent leaders and managers. Given the responsibilities and demands delegated to them, Public Service managers shoulder an important task of transforming the strategic vision, goals and objectives of government into effective service delivery. It is therefore important to ensure that a certain level of stability in the country's Public Service leadership is maintained so that the momentum with which government's programmes are being delivered is not compromised by frequent changes in leadership. The realization of sustainable service delivery improvement often requires medium to long term interventions and frequent changes at the leadership levels of the organisation may result in instability within the organisation. This may then work against the objective of accelerated service delivery.

The Public Service Commission (PSC) through its numerous studies and assistance provided to departments has observed that when a new Head of Department (HoD) is appointed in a department, new strategies and plans are often introduced, thus subjecting a department to a process of frequent changes. Where the new HoD prefers to run with the plans which already exist in the department, there may often not be adequate institutional memory to sustain the process as the predecessor would have also left prematurely before a firm basis for this institutional memory is created. The management of institutional memory becomes even more difficult considering that there is no system of proper handover or orientation from the departing to the newly appointed HoD in the Public Service. This, therefore, suggests that it is imperative for government to strengthen its retention strategies in such a manner that will allow it to retain its competent leaders and ensure stability within the Public Service leadership. Where a change in Public Service leadership is inevitable, there must be a proper handover to facilitate stability during the transition. Such stability becomes particularly crucial when there is transition from one electoral term of government to another, as will be the case in South Africa in 2009.

Given the above considerations, the PSC found it necessary to conduct research to assess the extent and impact of the turnover rate of HoDs in the Public Service. Turnover is not confined to terminations from the Public Service it also includes transfers within the Public Service and changes in responsibilities emanating from the splitting of departmental functions. The research seeks to contribute towards efforts by government to deal with the effect of and manage turnover levels in the Public Service. HoDs are responsible for the implementation and the effective operations of departments in accordance with established policies and mandates.

1.2 MANDATE OF THE PUBLIC SERVICE COMMISSION

Section 196 (4) (b) of the Constitution, read in conjunction with sections 9 and 10 of the Public Service Commission Act, mandates the Commission to investigate, monitor and evaluate the organization of administration and personnel practices in the Public Service.

In addition to the above, in terms of section (196) (f) (iv) of the Constitution, 1996, the Commission may of own accord or receipt of a complaint, advise national and provincial organs of states regarding personnel practices in the Public Service including those relating to the recruitment, appointment, transfer, discharge and other aspects of the careers of employees in the Public Service.

1.3 OBJECTIVES OF THE STUDY

High levels of HoDs' turnover and the frequency thereof can create instability in the Public Service. Instability can impact on the levels of motivation of staff and on departmental performance. Understanding the nature and extent of this impact is important if the Public Service is to make informed decisions about managing the employment and retention of HoDs. The central purpose of this study is, therefore, to assess the extent and impact of HoD turnover in the Public Service.

In conducting detailed research on the rate of HoD turnover and its implications for the Public Service, the PSC sought to build a wider understanding of the relationship between HoD turnover and an efficient and effective Public Service. The study sought to assess the following:

- Turnover rate of HoDs in the Public Service;
- Reasons and contributory factors leading to turnover;
- Implications of the three year contract based employment of HoDs; and
- Impact of the turnover of HoDs on the ability of departments to deliver on their mandates.

The report further seeks to provide guidance to government on possible interventions needed to ensure that the turnover of HoDs does not impact negatively on the stability of the Public Service. Specific recommendations are made on the current system of HoD appointments and retention, and how specific interventions can serve to assist the process of ensuring a level of functional stability in the overall system.

1.4 METHODOLOGY

A detailed empirical analysis of the correlation between service delivery and the turnover of HoDs requires an in-depth analysis of delivery realities that emerge where turnover is high or where turnover generally exists. Such an analysis is difficult as there is often a performance lag between the turnover experienced and the impact on the actual delivery of services. It is difficult to properly correlate actual turnover incidents to service delivery data. Reliance, therefore, is placed on perspectives of former and current HoDs, and those who have direct knowledge of the impact of the turnover; in order to understand the turnover rate patterns, implications thereof and strategies that can be established to further develop a system that works for the South African Public Service.

The study was conducted within all national and provincial departments, with the exception of the National Intelligence Agency, South African Secret Service, Department of Defence and The Presidency. Participants in the survey included current and former HoDs as well as representatives from Human Resource components and/or officials from HoDs' Office, and covered 2003/04 to 2006/07 financial years.

1.4.1 Data Collection

A review of available quantifiable data on the rate of HoD turnover was undertaken in the Public Service in order to provide a global picture of the impact of the turnover in national and provincial departments. In addition to gathering information on the reasons for turnover; it was necessary to collect and collate information on the wider aspects of HOD performance and the challenges confronted by HoDs that impact on their retention, transfer or departure from the Public Service. Questionnaires were sent to serving HoDs, former HoDs and human resource officials in departments, to ensure appropriate coverage of the relevant issues.

Information from the Personnel and Salary Administration (PERSAL) System provided the basic data on the level and frequency of turnover for the assessment period. Whilst the data within these systems does not provide a full account of the reasons for departure or movement, it provides a broadly accurate picture of turnover amongst HoDs. When each instance of change in HoD designation is recorded on PERSAL, the information contributes towards building a global picture on the scale of turnover experienced for the period of the assessment. PERSAL records provide information on each instance where there is a change in who is legally designated as the HoD of a department.

1.4.1.1 Survey Questionnaire

The primary assessment instrument was carefully designed survey questionnaires. Information from respondents was collated to establish the foundation for a collated perspective on the realities of HoD turnover in the Public Service. Questionnaires were sent to the following specific groupings:

- Former HoDs from national and provincial departments;
- Current HoDs in national and provincial departments; and
- Officials in the office's of HoDs and heads of Human Resources in departments.

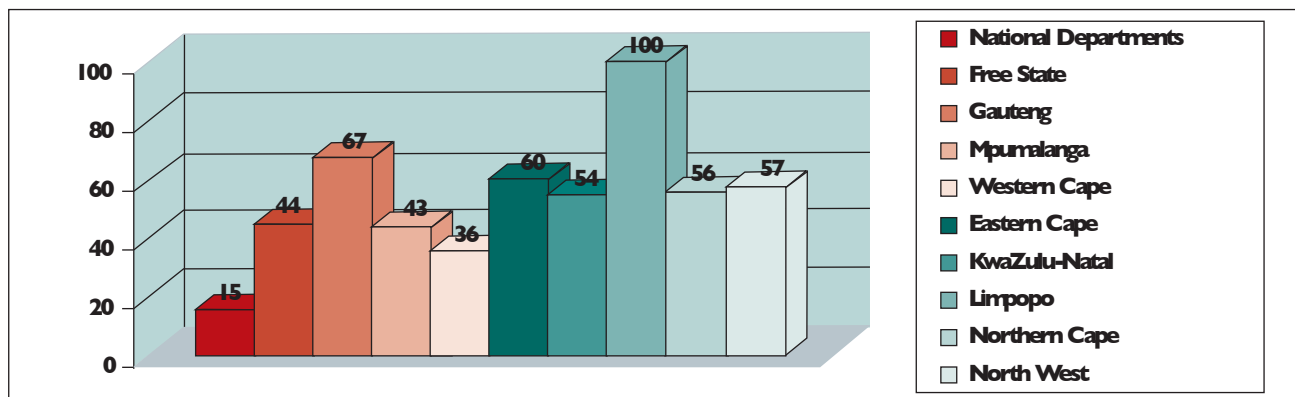
In addition to requesting basic information on the turnover of HoDs, the questionnaire sought to elicit information on the impact of leadership changes, the challenges confronted by HoDs and the reasons for their movements within and outside the Public Service. The following table reflects the responses received from each of the groupings from across national and provincial departments.

Table 1: Responses to survey questionnaires

	TOTAL Questionnaires Sent	QUESTIONNAIRES RECEIVED					
		FORMER HoDs		CURRENT HoDs		HR AND HoD OFFICE	
		Number	Percent	Number	Percent	Number	Percent
National Departments	26	2	8	4	15	2	8
Free State	9	2	22	4	44	5	56
Gauteng	12	1	8	8	67	10	83
Mpumalanga	7	1	14	3	43	4	57
Western Cape	11	1	9	4	36	5	45
Eastern Cape	10	0	0	6	60	7	70
KwaZulu-Natal	13	0	0	7	54	4	31
Limpopo	12	0	0	12	100	11	92
Northern Cape	9	0	0	5	56	7	78
North West	7	0	0	4	57	4	57
TOTAL	116	7	6	57	49	59	51

The response rate from former HoDs was very low relative to the number of questionnaires that were sent out. A total of seven responses was received from former HoD's out of a total of 47 questionnaires that were sent. This was mainly due to the reality that many of the former HoDs were difficult to reach and often did not respond to the questionnaires sent. Despite concerted attempts on the part of the PSC, it proved very difficult to get former HoDs to complete the questionnaires. Out of the 115 questionnaires sent to current HoDs only 57 (49%) were completed and returned. However, the information collated provided a basis for understanding their perspectives on the issues pertaining to the turnover of HoDs. As reflected in **Figure 1**, the response rate from provinces was fairly positive, whilst at the national level it was much lower.

Figure 1: Survey responses from provinces and national departments



Data from the questionnaires was collated to determine the overall trends in HoD turnover and the perspectives from each of the target groupings. In addition to identifying specific trends in HoD turnover, the data also served to establish perspectives on the interventions that would be necessary to minimise turnover levels and the negative impact on the delivery of public goods and services.

1.4.2 Analysis of Data

The information from the completed questionnaires was collated. Where appropriate, quantifiable information was extracted and analysed through the generation of graphs and tables. Much of the information was qualitative, and responses were grouped and analysed to extract common perspectives from respondents. Where necessary and appropriate, direct quotations were extracted and included in the report to illustrate the general perspectives articulated. Names of respondents were excluded and attention was focused on ensuring that quoted responses are not attributable to specific individuals.

1.5 LIMITATIONS

Any research study has limitations that need to be kept in mind when perusing and discussing the results thereof. In this study, the following limitations were encountered and need to be taken into consideration:

- A limited number of questionnaires were completed by former and current HoDs with the response rate of 6% and 49%, respectively. A higher response rate would have provided a broader perspective from different experiences of HoDs and thus deepen the analysis of the study; and
- Some questionnaires were completed in a brief and cryptic manner, posing difficulties in trying to understand some of the responses provided.

1.6 STRUCTURE OF THE REPORT

The report is structured as follows:

Chapter 2	contains turnover and its implications for the Public Service;
Chapter 3	contains perspectives on turnover and retention;
Chapter 4	contains recommendations and conclusion; and
Annexure A	contains global experiences and perspectives on Head of Department turnover.

Chapter Two

Turnover and its Implications for the Public Service

2.1 INTRODUCTION

The South African Public Service and the system for appointing HoDs changed substantively after the democratic election in 1994 and the introduction of the new Constitution. Whilst the system established is still fairly young, the initial experience of over ten years provides the essential foundation for reviewing and assessing the efficacy of the system established. In addition to providing a brief overview of the legislation and regulations governing HoD appointments and terminations, it is essential to present actual data on turnover rates for a defined period in order to provide an assessment and an analysis of the implications for the Public Service Administration stability. The quantitative data has been obtained from PERSAL.

2.2 LEGISLATION AND REGULATORY FRAMEWORK

In terms of the Public Service Act 1994¹ (Section 3(B)(1)) the heads of national departments or government agencies are appointed by the President, and the heads of provincial departments are appointed by the Premier. The Act also stipulates that the President or Premier may delegate the power to appoint to executive authorities. The Public Service Regulations stipulate the details on the procedure to be followed when appointments are made².

In accordance with a Cabinet decision, HoDs of national departments or government components must, as a general rule, be appointed for a period of three years or such shorter or longer period as may be approved by the relevant executive authorities (EA). This must, however, not exceed five years as stipulated in the Act. A serving employee who is appointed to the post of HoD will automatically lose his/her status as a permanent employee.

The Public Service Act and Regulations provide that a contract should be entered into with HoDs. The purpose of entering into a contract is to regulate the appointment, confirm the provisions and conditions of service of HoDs as stipulated in the Act. The contract includes commencement and expiry dates, remuneration, deployment, renewal and extension of term of office, conduct, and terms and conditions covering management incentives. Annexure 2 of the Public Service Regulations stipulates that a HoD shall enter into a Performance Agreement linked to a specific financial year.

The President/Premier may transfer the head of a national/provincial department to departments or agencies of equal, higher or lower grading as and when they consider it appropriate. If a transfer is done in consultation with a Premier the consent of the relevant HoD is required. The Act stipulates that a HoD may be transferred when public interest requires so. Section 16 of the Act as amended provides for an officer who occupies the office of the head of department the right to retire from the Public Service. Section 16 (A) enables the EA to take disciplinary measures against a head of department who fails to comply with the Act. Section 35 provides for a head of department to lodge a complaint with a commission under relevant circumstances.

The renewal of the contract of an HoD is not automatic and a procedure for renewal is contained in Annexure A of the Public Service Regulations. In accordance with a Cabinet decision the extension of national HoDs contracts should not as a general rule exceed three years. There is, however, no limit to the number of times a term of office can be extended. The regulation also establishes a procedure for termination of employment for HoDs. The term of office of a HoD may be terminated in the following ways.

Table 2: Reasons for termination of HoD contracts

1	On reaching the prescribed retirement age
2	On completing a term or extended term of office
3	Premature retirement at own request
4	Discharge in terms of any subsection of section 17 of the Act
5	Re-determination of original or extended term of office
6	Voluntary resignation
7	Death

1 Republic of South Africa, Department of Public Service and Administration, Public Service Act, 1994 (as amended).
2 See Senior Management Service Handbook, Department of Public Service and Administration.

The employment contracts of HoDs provide that either party may after consultation and agreement, terminate the contract before the expiry of the original term of office or extended term of office. Under specific circumstances the term of office of a HoD may be predetermined. In such instances, the HoD is entitled to compensation for damages incurred. Compensation is usually paid for the unexpired portion of the contract.

2.3 HEADS OF DEPARTMENT TURNOVER RATES

Actual figures on the rate of turnover are contained in data recorded on the PERSAL system of government. As the PERSAL system does not distinguish between turnover experienced as a result of people appointed to act within HoD posts and those who were actually appointed, the available quantitative data does not distinguish between actual turnover and specific incidents that affect the HoD position. Despite this limitation there is sufficient information on PERSAL to give an authoritative account of the reality of HoD turnover. Actual incidents of change also provide a better account of the realities that face departments and the impact that HoD turnover has on the Public Service.

2.3.1 Turnover Incidents across the Assessment Period

The actual incidents of turnover across national and provincial departments for the financial periods 2003/04 to 2006/07 are reflected in **Table 3** below. The incidents are recorded either as transfers³, the termination of a contract⁴ or as changes as a result of the split of departmental functions⁵.

Table 3: Turnover incidents across national and provincial departments for the financial periods from 2003/04 to 2006/07

TURNOVER INCIDENTS ACROSS NATIONAL AND PROVINCIAL DEPARTMENTS					
NATURE OF INCIDENTS	2003/04	2004/05	2005/06	2006/07	TOTAL
TERMINATION OF CONTRACT	4	6	7	4	21
TRANSFERS	1	5	–	10	16
SPLITTING OF FUNCTIONS	–	–	–	1	1
SUB-TOTAL	5	11	7	15	38
EASTERN CAPE PROVINCE					
TERMINATION OF CONTRACT	1	6	2	1	10
TRANSFERS	–	–	–	–	0
SPLITTING OF FUNCTIONS	–	–	–	–	0
SUB-TOTAL	1	6	2	1	10
FREE STATE PROVINCE					
TERMINATION OF CONTRACT	–	7	1	1	9
TRANSFERS	–	5	–	–	5
SPLITTING OF FUNCTIONS	–	–	–	–	0
SUB-TOTAL	0	12	1	1	14
GAUTENG PROVINCE					
TERMINATION OF CONTRACT	2	4	4	–	10
TRANSFERS	–	5	1	–	6
SPLITTING OF FUNCTIONS	–	–	–	1	1
SUB-TOTAL	2	9	5	1	17
KWAZULU-NATAL PROVINCE					
TERMINATION OF CONTRACT	1	6	4	1	12
TRANSFERS	–	2	–	–	2
SPLITTING OF FUNCTIONS	9	2	–	–	11
SUB-TOTAL	10	10	4	1	25
LIMPOPO PROVINCE					
TERMINATION OF CONTRACT	–	1	2	3	6
TRANSFERS	1	1	5	–	7
SPLITTING OF FUNCTIONS	–	–	1	–	1
SUB-TOTAL	1	2	8	3	14

3 This involves HoDs transferred to other departments in the Public Service. These transfers do not normally disadvantage the HoD concerned as he or she will still keep his or her benefits.

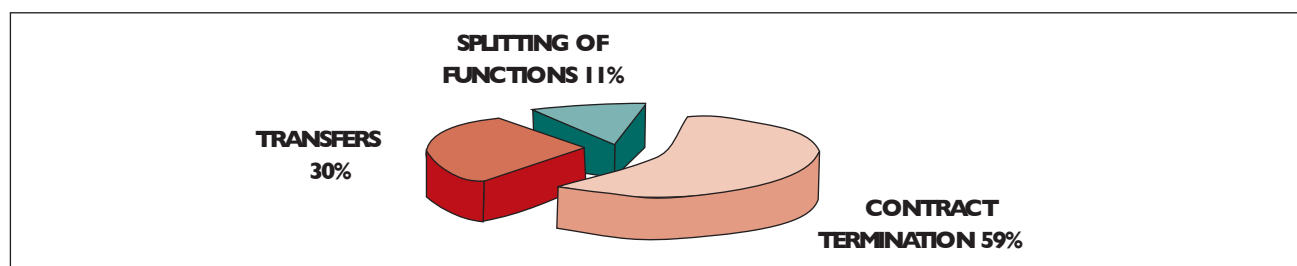
4 A contract of employment is terminated on reaching the prescribed retirement age, on completing a term or extended term of office, premature retirement at own request, discharge in terms of section 17 of the Public Service Amendment Act, 2007, re-determination of original or extended term of office, voluntary resignation or death.

5 Occurs when certain functions are taken away from Department A which result in the creation of Department B to carry out such functions.

TURNOVER INCIDENTS ACROSS NATIONAL AND PROVINCIAL DEPARTMENTS					
NATURE OF INCIDENTS	2003/04	2004/05	2005/06	2006/07	TOTAL
TERMINATION OF CONTRACT	–	3	2	2	7
TRANSFERS	1	4	2	2	9
SPLITTING OF FUNCTIONS	–	–	–	–	0
SUB-TOTAL	1	7	4	4	16
NORTHERN CAPE PROVINCE					
TERMINATION OF CONTRACT	1	1	–	–	2
TRANSFERS	1	1	1	1	4
SPLITTING OF FUNCTIONS	4	–	–	–	4
SUB-TOTAL	6	2	1	1	10
NORTH WEST PROVINCE					
TERMINATION OF CONTRACT	1	1	1	1	4
TRANSFERS	–	2	–	2	4
SPLITTING OF FUNCTIONS	–	–	–	–	0
SUB-TOTAL	1	3	1	3	8
WESTERN CAPE PROVINCE					
TERMINATION OF CONTRACT	–	2	3	–	5
TRANSFERS	–	–	–	1	1
SPLITTING OF FUNCTIONS	–	–	1	–	1
SUB-TOTAL	0	2	4	1	7
TOTAL	27	64	37	31	159

The data shows a total of 159 instances of change amongst HoDs for the financial years 2003/04 to 2006/07. Whilst appointments on the basis of transfer and the splitting of departments do not imply departure from the Public Service, they still have an impact on stability of departments and on the delivery of services. Overall, contract terminations account for the largest percentage of HoD turnover incidents, as is shown in **Figure 2** below.

Figure 2: HOD turnover incidents



The termination of contracts accounts for over 59% of the incidents recorded in PERSAL, and transfers account for 30%. The movement of HoDs as a result of splitting of functions is relatively small (11%) of the total incidents. As **Table 4** below shows, the number of HoD posts at both national and provincial levels has not changed significantly over the period under review.

Table 4: Number of HoD posts at both national and provincial levels during the 2003/04, 2004/05, 2005/06 and 2006/07 financial years

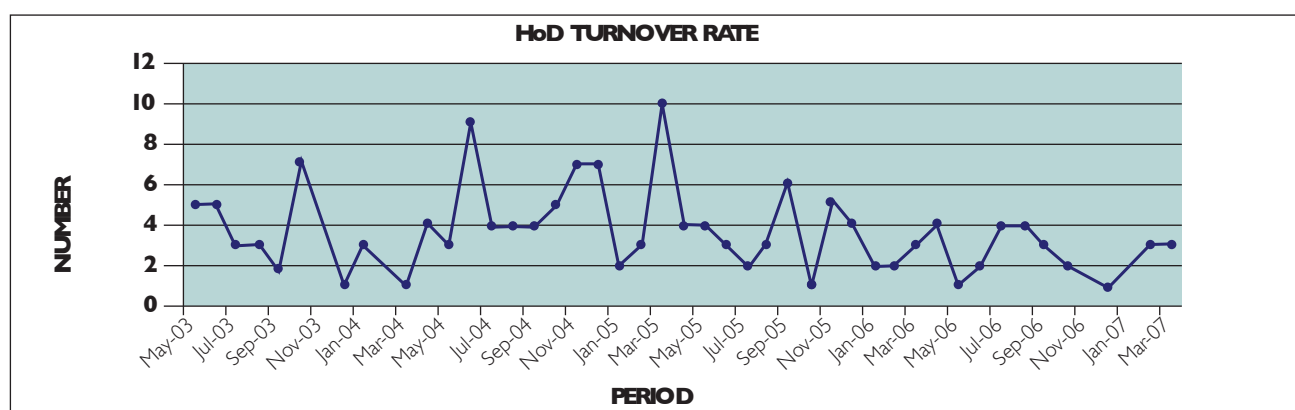
Number of HoD Posts at National and provincial Level	2003/04	2004/05	2005/06	2006/07
National Departments	37	37	37	37
Eastern Cap Province	12	12	12	12
Free State Province	11	11	11	11
Gauteng Province	11	11	11	11
KwaZulu-Natal Province	13	13	15	15
Limpopo Province	10	11	11	11
Mpumalanga Province	11	11	11	11
Northern Cape Province	11	11	12	12
North West	11	11	11	11
Western Cape Province	13	13	12	12

The table above shows that there have not been significant changes to the departmental configurations at the national level as well the provincial administrations of the Eastern Cape, Free State, Gauteng, Mpumalanga and the North West. There are noticeable increases in the number of departments in the provincial administrations of KwaZulu-Natal and the Northern Cape during the 2005/06 and 2006/07 financial years. This increase could be attributed to the splitting of departmental functions. It is also important to note that the Western Cape has experienced a reduction in the number of departments from 13 to 12 during the same period.

2.3.2 Turnover Patterns across the Assessment Period

Assessing the turnover incidents across a period of time allows for the establishment of trends and creates a basis for further investigations into the factors to which the trends are attributable.

Figure 3: Monthly turnover incidents from March 2003 to March 2007



The actual turnover incidents were captured from the PERSAL system to generate a time series graph. To generate the graph, incidents were captured on a month to month basis. Ten (10) incidents of turnover were, for example, recorded for the month of March 2005. Higher instances of HoD turnover are recorded for the period after the general elections held in April 2004. The data suggests that the HoD turnover gained momentum four months after the elections, as 9 incidents of turnover were recorded. This could be due to changes in the incumbents in political office as a result of the formation of new executives at both national and provincial levels. In general, HoD turnover appears to be constant and there is no recorded month during which there was no HoD turnover incident.

2.3.3 Turnover Rates across National and Provincial departments

Table 5 below provides the total number of HoD posts at national and provincial levels against the number of turnover incidents (i.e. terminations of contract, transfers and splitting of departmental functions) experienced during the 2003/04, 2004/05, 2005/06 and 2006/07 financial years.

Table 5: Turnover incidents and turnover rate across national and provincial departments

	2003/04	2004/05	2005/06	2006/07
National Departments				
Number of HoDs	37	37	37	37
Turnover incidents	5	11	7	1
Percentage of turnover incidents	13	30	19	3
Eastern Cape				
Number of HoDs	12	12	12	12
Turnover incidents	1	6	2	1
Percentage of turnover incidents	8	50	17	8
Free State				
Number of HoDs	11	11	11	11
Turnover incidents	0	11	1	1
Percentage of turnover incidents	0	100	0	9

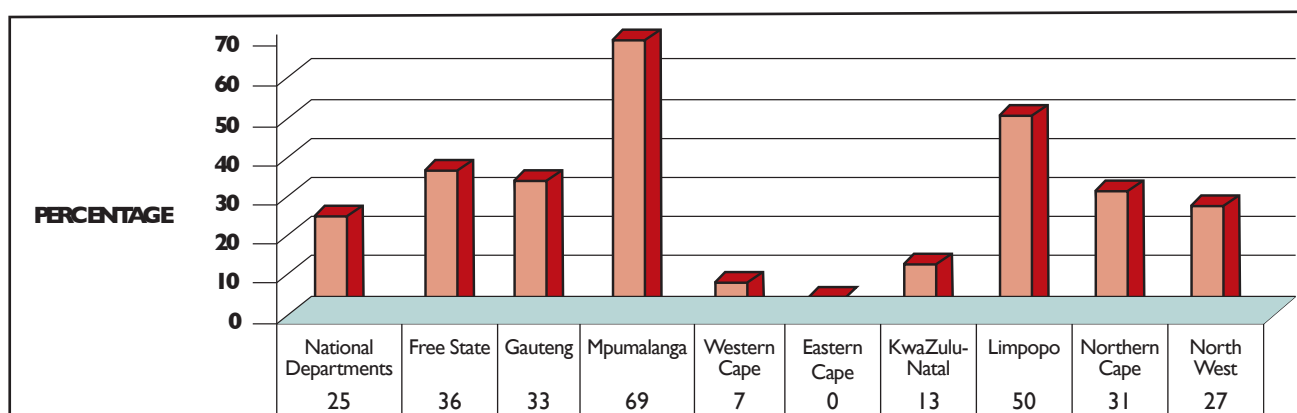
	2003/04	2004/05	2005/06	2006/07
Gauteng				
Number of HoDs	11	11	11	11
Turnover incidents	2	9	5	1
Percentage of turnover incidents	18	82	45	9
KwaZulu-Natal				
Number of HoDs	13	13	15	15
Turnover incidents	10	10	4	1
Percentage of turnover incidents	77	77	27	7
Limpopo				
Number of HoDs	10	11	11	11
Turnover incidents	1	2	8	3
Percentage of turnover incidents				
Mpumalanga				
Number of HoDs	11	11	11	11
Turnover incidents	1	7	4	4
Percentage of turnover incidents	9	64	36	36
Northern Cape				
Number of HoDs	11	11	12	12
Turnover incidents	6	2	1	1
Percentage of turnover incidents	54	18	8	8
North West				
Number of HoDs	11	11	11	11
Turnover incidents	1	3	1	3
Percentage of turnover incidents	9	27	9	27
Western Cape				
Number of HoDs	13	13	12	12
Turnover incidents	0	2	4	1
Percentage of turnover incidents	0	15	33	8

At the national level the highest incidents of turnover was recorded at 30% during the 2004/05 financial year. During the same period, the highest percentage of turnover incidents at provincial level was observed in the Free State (100%), followed by Gauteng (82%) and KwaZulu-Natal (77%). These figures show that during 2004/05 there was a higher number of turnover incidents in the Public Service compared to other financial years. The incidents of high turnover during the financial year could suggest that the general elections that were held in 2004 might have resulted in HoDs exiting the Public Service following the appointment of new EAs.

2.3.4 Turnover due to transfers in the Public Service

In many instances, the turnover levels are due to transfers to other departments and not necessarily terminations of contracts. Whilst a large percentage of the incidents relate to actual terminations, transfers within the Public Service appear to be a growing phenomenon (See **Figure 4**).

Figure 4: Percentage of transfer incidents relative to total HoD positions across provinces and National departments



There are indications from the qualitative responses to questions that provinces are increasingly using transfers as a strategy to encourage change and better performance. In other cases, transfers are used to relocate a HoD until his contract expires. There were no recorded transfers of HoDs in the Eastern Cape during the assessment period. This may suggest that internal transfers are not used as a strategy for changing departmental administrative leadership in the Eastern Cape. In contrast, 69% of the turnover experienced in Mpumalanga was a result of actual transfers. The rate of transfers recorded for Mpumalanga is, however, attributable to transfers to national government and other provinces, rather than transfers within the province. A transfer to a less significant position is sometimes used as a basis for the eventual termination of a contract. In so doing, departments are avoiding situations where they would be required to pay compensation for the early termination of a HoD contract.

2.3.5 Qualitative perspectives on turnover levels

The levels of actual turnover amongst HoDs are reflected in the available data from PERSAL. There are nevertheless very strong articulated perspectives in the questionnaires amongst former and current HoDs in provinces and national departments on the HoD turnover patterns. These views are significant as they shape commitment levels and perceptions of future stability.

Provincial HoDs indicated that they believed the situation in their respective provinces was stable and that HoD turnover was a phenomenon in other provinces and in national departments. Perceptions about the reasons for the turnover centre on the relationships between the EAs and HoDs. These perceptions of current and former HoDs are articulated in various ways.

National HoD: Although this (turnover) is not the pattern in this department, it is indeed prevalent in other departments. The main reasons for the high turnover rates relates to friction between the Executive Authorities and HoDs, and issues of corruption.

Provincial HoD: I would not say there is a high turnover rate amongst HoDs, rather that HoD contracts come to an end and the employer exercises its right not to renew and extend and each case is treated on its merits.

Provincial HoD: Yes, there are patterns (in the turnover experienced). Certain political leaders believe they can achieve goals if they are supported by certain individuals. When change happens at the political level, this becomes a determining factor on who would lead the department.

Whilst indicating strong perspectives on the levels and reasons for the turnover of HoDs experienced, respondents recognised that actual data was required and each case of turnover needs to be treated on its own merits. There was also a strong argument for comparative analysis with the private sector and other countries in order to establish benchmarks for the patterns of turnover that is experienced. A number of provincial HoDs argue that there needs to be a distinction between actual departures from the Public Service and transfers.

Current HoDs that responded to the PSC survey questionnaire articulated four broad turnover trends:

- Contracts were not renewed after the 2004 national and provincial elections and this was likely to be the trend after the next election.
- HoD contracts were not renewed because of lack of performance and HoDs were held accountable and in some cases charged with maladministration and/or misconduct.
- Many provincial HoDs took up positions in other provinces or in national departments and hence were transferred and did not leave the Public Service.
- There is a growing movement where EAs transfer HoDs to other positions to complete their contracts whilst new HoDs are appointed.

The qualitative perspectives on turnover levels are congruent to the actual data on turnover levels. HoDs indicated that the system was stabilising and that the larger challenge resides in the reasons why HoDs choose to leave the Public Service. Most felt that this was related to the complexity of the relationship between EAs and HoDs as the Accounting Officers of departments.

2.4 IMPLICATIONS OF THE TURNOVER FOR THE PUBLIC SERVICE

The analysis of the implications of HoD turnover on departments and the Public Service, is largely based on the perceptions of existing HoDs, HR officials and HoD office officials who have responded to the survey questionnaire. The articulated views focused on the impact of the change on the management of departments and on the service delivery process. Many respondents also expressed specific views on the challenges of managing the transition between one HoD and another.

2.4.1 The implications of turnover for the management of departments

The general perception amongst survey respondents is that the invariable result of HoD turnover is that departments engage in exercises that result in changes to structures, strategies and the overall operations of the department. New HoDs are said to focus substantive attention on building their own teams and hence departments usually experience some level of senior management turnover when a new HoD is appointed. A high level of stability was experienced in departments where the appointment of a HoD was internal. HR managers who responded expressed strong reservations on change as it often impacted on their overall human resource development efforts and on stability in the human resources of the department.

Human Resource official in a Provincial Department: It does serious and unbearable damage to the organisation since there is no continuity and it impacts on overall management. Management has to adapt to the new style and vision of the new HoD. In most cases, the first six months of the appointment are unproductive.

Provincial official in a HoD office: Constant changes created significant instability with different leadership approaches.

Human Resource official in a National Department: The appointment of a new HoD has impacted positively on the performance of the department. However, it must be noted that continuous change over short periods does affect the pace of the implementation of the strategic plan, as new leadership comes with own priorities.

Human Resource official in a National Department: The turnover rate in the Department impacted negatively on its ability to deliver services, and has also led to the Auditor-General expressing a qualified opinion as well as a disclaimer.

Whilst there were expressed concerns about the impact of changes on the management of departments, there were very positive perspectives on continuity when the HoD was appointed from within the department. Over 30 % of the respondents were also very positive about the changes they experienced and the HoD that was appointed. The high level of positive comments on changes experienced tend to suggest that there was an improvement in the quality of the HoDs appointed and the Public Service was getting better at ensuring that the most appropriate and qualified individual is appointed as a HoD.

Human Resource official in a Provincial Department: The department was still able to deliver. The incumbent was able to run with existing programmes since he was appointed from within the organisation.

National department HoD office official: New leadership is always appreciated especially when new ways of doing things or continuous ways of doing things or business improvement mechanisms are anticipated.

Provincial department HoD office officials: Huge improvement. It has brought about stability and more discipline to the working environment.

There was proper strategic direction and the ways in which decisions were made changed dramatically.

The overall responses suggest that the general perceptions of the negative impact of HoD transitions may not accord with the realities of what is actually experienced in departments. Whilst all respondents recognise the impact of the change, respondents demonstrated an appreciation for change and noted that despite some level of change, there was continuity as the mandate was often fairly stable. The greater level of satisfaction with the change was reflected in situations where a serving official was appointed as a HoD. Where there were concerns on the impact of change on staff morale, this was mainly in cases where departments took a long time to confirm the new HoD

and experienced long periods of having an acting HoD. In general, there are experiences of anxiety when a new appointment is made, but none of the responses suggest that this was a big problem. On the contrary, respondents suggested that despite some levels of uncertainty and lower morale, the changes were positive and that there was a high level of continuity in the management of departments.

Departmental respondents were generally more positive and accommodating of the possibility of changes in HoDs. However, existing HoD respondents expressed strong concern about the impact of change on departments. It was felt that the short period of their contracts made it difficult to ensure that the changes introduced would be sustainable and that their impact on the work of the department would be positive.

Provincial HoD: It creates insecurity for staff and further creates divisions, camps and unhealthy relationships among management. It further discounts the strategic gains made by the previous leadership.

Provincial HoD: Continuous changes in leadership mean continuous change of programmes and implementation strategy. There is no continuity or memory retention. A department is not able to develop consistency and a given organization culture as each leader brings her own. Continued change leads to fatigue and resistance from demoralised staff. New leaders want to bring their own staff members and this leads to insecurity and contempt.

National HoD: The ability to deliver quality services will be affected if there is continuous change in leadership. It not only affects the strategic and performance planning process of the organization, but also creates instability within the organization. For example, fear by management of change.

The contrast of perspectives between HoD respondents and respondents from departments suggest that the HoDs are more concerned about the implications of HoD turnover on the management of the department than officials in departments. However, there is congruence in perspective when it comes to the loss of knowledge when there is HoD turnover. Current and former HoDs point to the reality that often talented HoDs who leave the Public Service, leave with experiences and knowledge that is not easily transferable. Many of these HoD's also build networks and relationships that positively contribute to the work of their departments and that can be of immense benefit to the Public Service. Whilst the impact of the turnover might not be apparent at the level of departments, the collective loss of experience and knowledge appears to be a matter of wider and collective concern amongst the former and current HoDs.

2.4.2 The implications of turnover for the delivery of services

The implications of HoD turnover on service delivery are mainly focused on issues pertaining to the actual management operations of departments. In many instances, respondents point to changes in strategies as having a negative effect on actual service delivery. The relationship between turnover incidents and their actual impact on service delivery is complex and would require a more detailed analysis that should be done on a department specific basis.

At a general level, there is a perception amongst current and former HoDs that service delivery is affected by HoD turnover. Respondents point to the fact that changes instituted are not sustained when there is a change in leadership. The impact on actual service delivery is sometimes slow, but is considered inevitable as a new HoD establishes new strategies and approaches. Turnover also tends to impact on accountability as the new HoD is unable to account for what took place in the previous period.

Provincial HoD: Speaking from a department which has undergone numerous changes of leadership, there is no doubt that continuous changes of leadership affects service delivery. This, however, needs to be balanced against the positive effects of changing leadership that is simply unable or unwilling to perform. My experience is that it sets back service delivery. But in another department I experienced the opposite. A change of leadership (twice) led to an unblocking of service delivery. So it can work both ways, depending on the circumstances.

Provincial HoD: Continuous change in leadership creates insecurity among staff and lead to divisions, camps and unhealthy relationships in the organisation. It further discounts strategic gains that have been made by the previous leadership.

National HoD: When HoDs are changed, it takes time for the newly appointed to understand the policies, programmes and culture of the organisation. This is even more problematic in instances where proper handover is not done.

National HoD: The ability to deliver quality services will be affected if there is continuous change in leadership. Such a change not only affects the strategic and performance planning processes of the organisation, but also creates instability within the Department.

Whilst there are perceptions of HoD turnover being negative for actual service delivery, there is very little direct evidence to substantiate the claim. Responses suggest that the issue of central importance, to ensure continuity in service delivery, is the manner in which the transition from one HoD to another is managed.

2.4.3 The management of turnover transitions

As HoD turnover is a normal occurrence in the Public Service, substantive attention is increasingly being focused on the management of such turnover incidents and the importance of building organisations that are able to sustain the change and continue to deliver effectively. HoDs and departmental officials point to the fact that stability in the senior management of departments enables the department to absorb a change in leadership.

Less than 10 percent of the departmental respondents suggest that they have an established system or approach to ensure a smooth transition between HoDs. However, over 50% of the respondents indicate that if departments have stabilised and delegations to lower levels are in place, the transitional process should not be a problem. Existing HoD respondents indicate that they are active in ensuring that a new level of leadership is able to emerge from within. Succession planning is, however, often very informal and it has been suggested that such an activity needs to be formalised to ensure that there are always possible candidates internally for the position of HoD. Whilst a few of the respondents suggest having a system or process in place for a hand-over, there is little to suggest that formal procedures or processes exist for handovers.

Provincial HoD: The department delegates the full role, responsibilities and powers of the HoD to the DDGs when they are appointed to act as the HoD during his absence. This practice will facilitate to some extent the transition as stated. Otherwise, succession planning is not possible in the public sector as competition has to be created for all the vacant jobs.

Provincial HoD: A combination of process and practice would facilitate a "smooth transition". Management therefore mostly share a common vision and strategic directions and approach. In addition, acting HoDs are fully delegated and mandated to act.

Provincial HoD: Management processes in the Department are in place and a central management support and planning unit has been established within the office of the HoD to serve as departmental integration, coordination and management information centre. The unit manager, assisted by the departmental management committee will be in a position to effectively support, provide information and advise the incoming HoD to ensure a smooth transition.

National HoD: A wise HoD and his/her Executive Authority should always have an eye on a potential internal successor. In any case: CEOs and DGs usually expect, and have, to take over "cold", i.e. the new comer must make things smooth.

Respondents point to the need for effective succession planning as a basis for ensuring a smooth transition between HoDs. Embodied in many qualitative responses is a confidence in the system and a sense that the next level of leadership will provide the stability needed for the absorption of a new HoD. Whilst there was an expressed confidence in the transitional process, there were also strong arguments for an effective system across the Public Service for managing the transitions between HoDs.

Chapter Three

Perspectives on Turnover and Retention

3.1 INTRODUCTION

The perspectives of HoDs and officials are central to understanding the realities that confront HoDs as they engage in considering their role and future in the Public Service. This chapter is thus focused on capturing and assessing, in summary, the articulated perspectives of all who responded to the survey questionnaires.

The first section of the Chapter is focused on the reasons for the HoD turnover. As over 50% of the respondents were serving HoDs, the issues articulated tend to capture their perspectives on remaining within the Public Service and the challenges they experience. This is done under the ambit of the broader reasons for the turnover of HoDs.

In addition to addressing the problems and challenges that relate to HoD turnover, respondents articulated a variety of solutions to address the realities of the turnover levels experienced. These have been clustered broadly as retention strategies and opportunities. In collating the information from the survey, the overall approach has been to ensure that there is a fair representation of the articulated perspectives. As most questions were of a qualitative nature, there was a very limited attempt to quantify the responses received.

3.2 REASONS AND CONTRIBUTORY FACTORS TO TURNOVER

The reasons for the level of turnover experienced are varied and complex. The framework for the appointment of HoDs, whilst established to enhance performance and attracting outside talent, has perhaps had the unintended consequence of creating an environment within which a high level of turnover is encouraged. There are a number of reasons that have been identified for the turnover by current and former HoDs. The broader patterns in the responses received are captured below.

3.2.1 Contract period and system

The regulations and concomitant decisions of Cabinet make provision for contracts to be between three and five years initially and then followed by renewal for three year periods (maximum). There is no limit set on the number of periods that a contract can be renewed. Whilst established to attract outside talent and manage performance, the perspective of all current and former HoDs is that the system is problematic as it creates a high level of uncertainty for HoDs.

There are deep variations in the initial HoD contract period used across the Public Service. In some instances, a five year period is used and in others a three year period. Most current and former HoDs contend that a three year period is too short and is not sufficient for an impact to be made and for a proper judgement to be made on overall performance.

Former national HoD: Yes, the three year term is too short to create a depth of experience and an effective stabilization of the department. My first term was 5 years at the end of which I was just succeeding in putting funded programmes in place, building leadership and management.

Former provincial HoD: Three years is too short, as the first year is planning, the second year is execution and third year you are planning to leave. Contracts should be at least 5 years, with a one year overlap between successive Executive Authorities.

Former provincial HoD: Five years would create a greater sense of stability. If you have a three year contract you start job hunting after two years usually.

National HoD: Especially if any substantial change management is required from a new HoD, three years is too short to get acquainted with the issues, establish a new strategy, consult labour if restructuring is involved, implement the new programmes, monitor and fine-tune them all in an appreciable organization. A five year contract is a minimum and a three year contract is more suitable for a renewal.

Whilst current and former HoDs expressed concern with the three year period, there was still a strong commitment to the contracting practice and only two respondents argued for the HoD position to become permanent. Whilst the three year period was deemed too short, much of the attention in the qualitative responses was on the need to link the contract to the Medium Term Expenditure Framework process or the five year political term of office.

Whilst there were concerns about the manner in which performance is assessed and the negative impact of contracts on the sense of security of HoDs, most of the current HoD respondents were supportive of the system of contracts for HoDs. This was deemed a key strategy for ensuring that there is a high level of performance. Respondents from HR, and HoD officials, were particularly supportive of a contracting system for HoDs for performance reasons.

National human resource official: The contract arrangement allows for flexibility and also to ensure that competence is maintained in this area - as a permanent arrangement may lead to "stagnation". However in terms of implementation and continuity this term should be longer with the option of extending the contract.

Provincial human resource officials: From a service delivery and service excellence point of view, I am of the opinion that appointment of HoDs on fixed term contract is justified. It guards against the HoD becoming complacent, and ensures the HoD remains active, energetic, professional and service delivery orientated.

Whilst there were expressed concerns about job security and the contracting period, there was very little, in the qualitative responses to questions, to suggest that the overall contracting approach was problematic in itself. HoDs appear to be generally accepting of the contract system.

Whilst the opposition from serving HoDs with the contracting system is minimal, the impact on the overall system requires careful consideration. Whilst individual departments are able to manage the transition and loss of knowledge, wider turnover across the Public Service will result in the loss of collective knowledge and create complex coordination and integration challenges. Integration and coordination is reliant on structured practices and a range of operational inter-departmental meetings, as well as relationships established over a period of time. Where there is high level turnover across the Public Service system, it is likely to create a disjuncture in coordination efforts and will slow down the overall objectives of integrated governance and seamless service delivery.

3.2.2 Security of tenure and turnover

Whilst the system of HoD contracts was not a matter of deep concern, anxieties relating to future employment possibilities is very high on the agenda of current HoDs. Whilst HoDs expressed confidence in their own capacity and their general market value, some respondents were very concerned about their future in the Public Service. One of the major concerns was that some officials had to give up more permanent and secure positions in the Public Service in order to take on the HoD post.

Some serving officials were encouraged to apply for the position of HoD as they were deemed suitable. Many of these officials are career public servants and remain committed to continuing within the Public Service. Whilst recognising that the HoD position is a contract position, career civil servants felt disadvantaged and suggest that the system tends to discourage internal candidates, as it comes with a high level of uncertainty and there is no security or commitment that they could be redeployed if their term comes to an end.

National HoD: Even though I have come into this position from having been a DDG and in my tenth year of working as a senior manager in the Public Service I know that within the 3 year contract period I have to plan for my tenure. I am also constantly reminded by others that I have a 3 year term.

Provincial HoD: The HoD positions are insecure. In my situation I have been in government from 1983 rising through the ranks up to where I am now. But the condition of the job is that I can be fired any time (termination of contract). I can also not continue the career I started in 1983 beyond my 5 year contract. This is worrying.

In terms of overall security in current positions, a high premium was placed on the relationships with EAs. In general, the issue of relationships tended to dominate responses on how secure HoDs felt in their current positions. A number of HoDs expressed confidence in contract renewal on the basis of their overall performance and capacity.

National HoD: I feel secure as far as my performance is concerned. I am experienced, especially at the difficult business of visioning and implementing radical organizational change that is required. But if a different Minister comes about, due to a reshuffle or election, he/she may be comfortable with a different DG.

Provincial HoD: My level of job security does not necessarily emanate from this job, but from my experience and credibility of my career which I have build over 30 years of engaging in national and international work experiences.

Many HoD responses suggest a fair balance between performance and relationships with the EA, a number placed very strong emphasis on the relationship as being fundamental to a sense of job security. The dominant view is that a good relationship with the EA was fundamental to future security. At provincial level, it was felt that security was tied to the role of the Premier and the emphasis he or she placed on having a stable administration.

3.2.3 Relationships and the executive interface

Respondents were generally resigned to the possibility that their positions would not be secure when there is a change of political leadership. Very few of the respondents served more than one EA and the general suggestion by some respondents is that it is this relationship, and not necessarily competence, that determines the length of the tenure of a HoD.

Figure 5: Current HoDs perspective on whether relationship with executive authorities is linked to security of tenure.

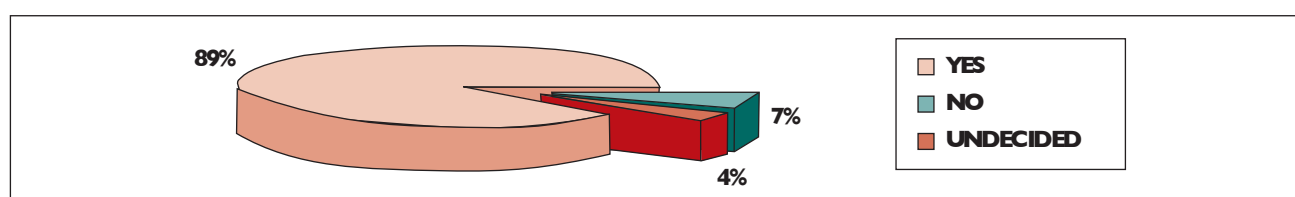


Figure 5 shows that 89% of current HoD respondents believed that their security of tenure is directly linked to their relationships with Executive Authorities. Whilst a few emphasised the importance of performance, there was generally a view that relationships will be a determining factor in contract renewal.

Former provincial HoD: HoDs are perceived to be the confidante of the Executive Authority and an incoming Executive Authority might want to establish their own style and therefore try to de-link the organisation from the predecessor.

National HoD: Under the current system, the security of tenure of the accounting officer is largely dependent on the good or bad relations he or she has with the Executive Authority.

Provincial HoD: Every Executive Authority would like to work with a HoD appointed by them and therefore the reshuffling of the members of executive council always impact on the HOD.

Whilst respondents expressed concerns with the depth of the relationship with Executive Authorities and the need for role definition, most expressed a deeper recognition of the value that EAs bring and the importance of mutual support. However, the issues of central contestation and stress relate directly to differences that emerge in the implementation process and the belief that EAs tend to interfere in the terrain of work of HoDs.

Provincial HoD: There needs to be a relationship of trust based on recognition of the roles and functions of each. There can only be one HoD and one Executive Authority. If both understand their respective roles, there is mutual respect, tolerance, good communication and a rapport between the two, then both will feel secure.

Provincial HoD: The better the relationship, the better the prospect of increased tenure. In most cases, shortened tenure was due to soured or unhappy relations between the two.

Whilst identifying the relationship as being very complex, many of the HoD respondents provided strong views on how the relationships could be improved and managed to minimise conflict that results in turnover. In the main, the focus of the responses was on the need for there to be better role clarification within the ambits of the Public Service Act and an appreciation of the burden of responsibility that is placed on HoDs by the Public Finance Management Act. Whilst emphasis is placed on making changes to legislation and instituting a clear system for delegations, many respondents placed a high premium on formal and informal communication as a basis for establishing a cooperative and mutually supportive work environment. It was also suggested that there be interventions that would serve to ensure that proper role definition and performance be used to protect HoDs from EAs. Some

HoDs suggested that the contractual relationship with HoD should be from the Public Service Commission (PSC) or the Department of Public Service and Administration (DPSA) and that only performance be used as a basis for contract renewal.

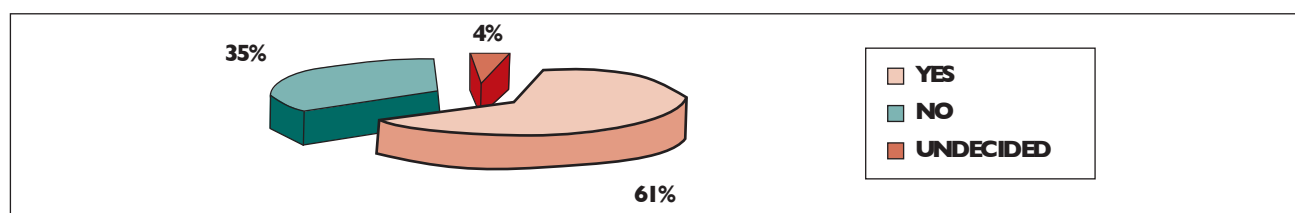
A clearer definition of roles between EA and HoDs and the manner, in which differences which emerge are dealt with, are perceived to be central to the stability within the executive interface. Whilst some HoDs recognised that the management of this relationship requires ongoing formal and informal communication, over 50% of HoD respondents indicated that this relationship was a matter of deep stress and most often the central reason for the turnover experienced. Whilst EA preferences are crucial to the appointment of HoDs, provisions within legislation and regulations emphasise overall competence as a basis for appointment. HoDs are not necessarily defined as political appointees. However, the contracting arrangements and the role of EAs in the process have given rise to the view that the appointments are political and therefore will change with changes in political leadership. Whilst the reality might be very different, the perception that HoDs are political appointees is widespread amongst current HoDs.

3.2.4 The impact of political change and uncertainty

HoD respondents felt that a change in the appointed EA will result in a change of HoD. Respondents indicated in the questionnaires that this is anticipated and accepted as a reality.

Figure 6 shows that 61% of the existing HoD respondents believed that their positions are not secure and they are likely to be removed when there is a change in the political environment. Whilst many have accepted that there will be changes and that they will not continue beyond the period of existing Executive Authorities, some argue strongly that the system needs to be such that HoDs are judged purely on the basis of performance and that this be exercised outside of the ambits of the Executive Authority. Respondents were also very positive about the fact that their appointments were with the President or Premier. However, there was a sense that the President and Premier should be more involved when problems emerge in the relationship between HoDs and Executive Authorities.

Figure 6: Current HoD perspectives on insecurity as a result of political change



Whilst a number of HoDs expressed confidence that the value they bring will ensure that their contracts are renewed, there were many who postulated that much will depend on the preference of newly appointed Executive Authorities. In the case of HR representatives and officials in the Offices of HoDs who responded, over 90% believed that a change in the political leadership will result in a change of HoD. Collectively the responses reveal a high level of uncertainty on contract renewal, despite the emphasis that is placed by respondents on the overall competence of appointed HoDs.

National HoD: In our system, where HoDs are appointed (or recommended to the President) by the Minister; for a specified contract period, rather than appointed until retirement by the head of civil service, of course a new Minister may prefer to bring someone else in.

Provincial HoD: HoDs are seen as political appointments and experiences have shown that when new political leadership takes over a number of HoDs will lose their jobs.

3.2.5 Market opportunities and incentives

One of the key elements of consideration in the turnover for HoDs is the extent to which there is a general market for their skills and capacities. Responses to this issue were mixed from former HoDs. Some of them

articulated a very strong perspective that they were committed to the Public Service and did not see the private sector as an attractive option. However, others asserted that, given their roles, they were often confronted with various business opportunities. One of the key attractions for some of the former HoDs was the sense that if they do not take up BEE opportunities at this stage, it might be too late.

Responses from current HoDs on the pull of business was also generally very mixed. Whilst many recognised that the private sector would be able to pay better, this was not always perceived as the preferred option. In many instances, HoDs articulated a strong commitment to Public Service and the possibility of moving to another position within the Public Service. Whilst there were some concerns about salary levels, there was also an articulated view that the HoD salaries are attractive.

Provincial HoD: The younger the HoDs, the more attractive business opportunities will be to them, especially if the environment they are operating within is not stable.

National HoD: (The pull to the private sector) is forced due to the insecurity of the present situation. Career public servants would generally not be drawn to business opportunities of the private sector.

Provincial HoD: It stands to reason that as the economy grows (currently faster than the supply of the graduates) business will offer more lucrative opportunities, both from a remuneration and scope perspective.

Provincial HoD: The private sector and/or business opportunities represent the natural next option in the HoD's career profile. In the context of tenuous job security, these options will always be attractive. The extent to which it serves as an earlier or later pull factor is also determined by the level of job insecurity (admittedly amongst many other factors). The private sector recognizes the skills and competencies of HoDs and will naturally seek to attract these.

Former National HoD: I believe there is a calibre of people who truly believe in Public Service and who are not entrepreneurial. If given an opportunity for wealth creation through investments, remuneration and favourable retirement options, they would not run into business.

Whilst there were views on the need to improve salaries for HoDs to make the positions more attractive, the responses suggest that the private sector is not necessarily considered as the preferred option. Current and former HoDs placed substantive emphasis on the non-monetary aspects of their work. A number of respondents indicated that the work of a HoD is very stressful and impacts on their commitment to remain in the position for long periods. In a number of instances, it was suggested that after five years a HoD would burn-out and would need to find an opportunity which is less stressful. Given the current contracting arrangements, such opportunities would most likely be outside of the Public Service.

The emphasis in responses suggests, very strongly, that there is a commitment amongst HoDs towards the Public Service. Despite some concerns with salaries, the orientation of HoDs appears to follow trends in other Public Services, where the commitment to serve appears to be the driving motivation for being in the Public Service. A number of respondents indicated that they were honoured with the opportunity to serve and will most likely continue serving in the future.

3.3 PERSPECTIVES ON RETENTION AND LIMITING TURNOVER

HoDs and other officials articulated a variety of solutions and interventions that could be used to minimise turnover and the impact thereof on the Public Service. These have been clustered and where relevant and necessary, reference is made to specific inputs. In addition to measures directed at attracting the best talent for the HoD position, interventions are suggested in a number of areas.

3.3.1 Attracting and building required capacities

One of the contestations on the turnover of HoDs is that often the most appropriate individual is not appointed to the position. The consequence of poor appointments is that it often leads to termination of contracts. HoDs

and officials argued strongly that there needs to be a more rigorous approach to the appointment process to ensure that the most talented individuals are appointed. A number also argued for the conducting of a Competency Assessment prior to the appointment of a HoD.

Former HoD: (To avoid the high turnover levels there need's to be) quality recruitment and/or deliberate development of talent from the Chief Director and Deputy Director-General level, facilitated by DPSA and done on the basis of objective assessments and development programmes.

In addition to suggesting the need for qualifying requirements for a HoD position, it was felt that HoDs should have a minimal academic qualification. Specific emphasis was placed on mentoring and succession planning. HoDs expressed a view that they were actively involved in building capacities within their departments and that this will result in there being internal candidates for the HoD position. It was suggested that some form of training for HoDs on the transversal systems in government would facilitate the entry of HoDs appointed from outside of the Public Service. Often external appointees are not aware of these systems and are not able to function and perform in the most optimal manner.

Whilst the HoD appointment system is open to outside competition, there is a need to institute deliberate interventions for succession planning and to broaden the base of possible applicants from within the Public Service. Many respondents expressed confidence in the capacities of their senior managers and indicated that it was very possible that they could do the work of the HoD after his or her departure. As HoD posts are open for competition, succession planning entails preparing individuals for a possible interview. However, the system operates such that there is a general anticipation that a new Executive Authority would most likely want to bring an outside candidate for the position. Given the current climate and a sense that control needs to be exercised over a department, such an orientation appears to be inevitable. The manner in which the system operates could be disadvantageous to internal candidates who often remain outside of the public spotlight, who often do not build relationships in the political environment and/or establish more prominent external profiles.

3.3.2 Managing the executive interface

There was a common call for a greater clarification of roles and responsibilities within the executive interface. Respondents suggested that such roles should be clearly defined in further regulations and alignment of legislation.

Former Provincial HoD: (There needs to be) amendments of the Public Service Regulations to reduce the power of MECs over HoDs and to stress performance results over individual preferences in terminating HoD contracts.

Former Provincial HoD: The Public Service Act and Regulations need to be revisited to strike a balance between political leadership and an effective administration machinery.

Whilst the concerns with the executive interface challenges were a common thread in the responses, the approaches to management of the interface were different. Whilst many emphasised the need for legislation and regulations to be clear and consistent, some suggested more effective formal and informal communication to manage the relationship. The suggestions provided contain both structural and capacity development interventions.

The structural interventions include changes to legislation/regulations and interventions directed at minimising the role of Ministers and MECs in the appointment and contract renewal process. There were a number who felt that beyond the initial formal contracting of HoDs, there needs to be greater involvement of the President and Premiers when challenges occur within the executive interface. Some suggested that the process needs to be separated from the Executive Authorities and managed by the PSC or the DPSA.

Former national HoD: Maybe all Directors-General should be employed by the PSC and paid twice their current packages. The PSC will allocate them to Ministers, who could complain collectively about the DG's performance. PSC will re-allocate if there are too many complaints or the DG should get fired.

Provincial HoD: There must be clear pronouncements around various administrative delegations. In most cases they are the source of the conflicts. New EA must be orientated on the general functioning of government as a way of preparing them for the job. Recruitment and related aspects must be delegated directly to HODs. Whilst the legal and treasury prescripts are clear around procurement, emphasis must be made through policy pronouncements on the non-involvement of the EA. Political polarizations must not be allowed to affect administrative responsibilities.

Capacity development interventions focused mainly on building mutual understanding within the interface and the respective roles and responsibilities. Relationships with Executive Authorities require a level of mutual respect and also require that HoDs understand the political process and are able to manage the demands and concerns of Executive Authorities. Many have alluded to the skills that are needed to manage and engage with EAs. Such skills are developed with experience, knowledge of the political process and effective formal and informal communication.

3.3.3 Commitment to Public Service and rotation

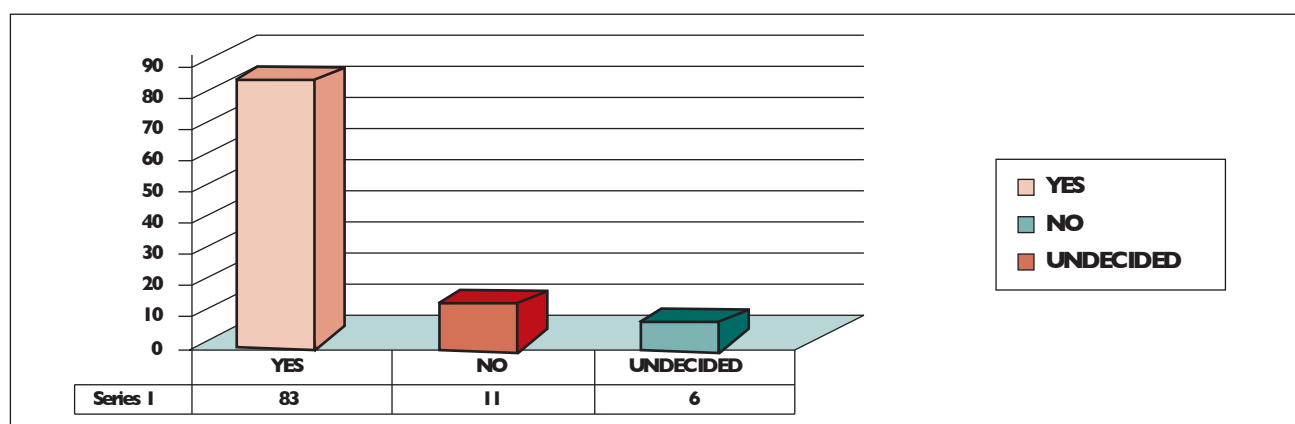
Contrary to the perceptions that HoDs exit the Public Service because they are attracted to better remuneration and working conditions in the private sector, many remain deeply committed to the Public Service. A number of former HoDs indicated that they are indeed willing to return to the Public Service if they are approached. Only one of the former HoDs responded to the contrary and indicated that they would never return to the Public Service because of unbearable working conditions and the ill treatment they experienced.

The commitment to Public Service was evident in many of the responses. A number of HoDs indicated that they would continue to seek opportunities in the Public Service and would welcome the opportunity for their contracts to be renewed or for them to be rotated within the Public Service. This issue was particularly strong amongst those who became HoDs through promotion within the Public Service.

A number of HoD respondents indicated that they took up the positions because of a commitment to Public Service and, therefore, feel that the system of contract employment was problematic. For career public servants, accepting the HoD position would mean sacrificing permanence in the Public Service. In one case, an official expressed deep concern that they would be out of a job, although the person had built their entire career within the Public Service.

Qualitative responses from HoD respondents indicated that they would look positively at the possibility of rotation in the Public Service. There was a very strong sense that the movement of HoDs from one department to another was an effective vehicle for retaining HoDs. In a number of provinces, this approach was used as a basis for managing any problems that emerge between HoDs and MECs. Over 83% of current HoD respondents indicated that they would be willing to renew their contracts (see **Figure 7**).

Figure 7: Current HoD perspective on contract renewal



As a result of positive rotational experiences, a number of HoDs argued that this should be a standard practice in order to retain their skills within the Public Service and to deal with the burnout that occurs when an HoD remains with a difficult department for a long time.

Provincial HoD: Perhaps building a professional cadre of HoDs who fully understand the imperatives of service delivery and who form the backbone of the administration and who can be deployed where needed, could be one aspect (of managing the turnover experienced).

Only two HoDs suggested that there should be a level of permanence in order to retain the skills of HoDs. It was also postulated that 'permanence' be qualified with a provision that there be a rigorous performance review process that enables weak HoDs to be removed from the system.

The issue of permanence was expressed by officials who are career public servants and who accepted appointments as HoDs. There is a feeling amongst these public servants that such a situation is difficult and is a disincentive for becoming a HoD, as one would move from a permanent position to a contract position.

National HoD: Career civil servants sometimes choose to become HoDs despite career implications. Contracts must be extended to at least five years. Exits must be managed in a manner that creates confidence amongst those who are committed to the Public Service.

Whilst not directly articulated, the responses suggest that career civil servants should be looked at differently and be accommodated so that they are not disadvantaged by accepting a HoD position.

3.3.4 Contracts and contractual relationships

All HoD respondents provided that the initial contract period should be for a minimum of five years. It was argued that such a period would be more conducive and realistic. The initial period would provide a long enough time to ensure that there is impact and a reasonable basis to judge performance.

Whilst some argue that the period should be longer than five years and ideally be permanent, a number of respondents pointed out that the position is very stressful and could lead to burn-out after five years. However, even in the case of those who believe that five years is sufficient, there is an expressed concern with future stability and the risks that are embodied in the current contracting system.

There appears to be a general acceptance that the contracting system exists and is likely to continue. Some felt that the system provided a basis to bring in new people with new ideas, as well as facilitated the departure of weak HoDs. Whilst recognising that early termination of contracts can be costly, there was an acceptance that such a cost will be less than the cost to government for keeping a weak HoD.

The fact that contracts were signed with the President and Premier were seen as positive and served to ensure that there was no undue interference and pressures from Ministers and MECs. In a number of responses, provincial HoDs indicated that the system of contractings to a Premier provided a sound foundation for ensuring that there is stability in the administration and they are protected from the undue pressures of MECs.

National HoD: HoDs should be hired and be contracted to the PSC with the appointment done by the President. The term of contract should be 5 years to be reasonable and not be limited to any number of terms. HoDs should have all the functioning, similar to financial functions, delegated to them, to perform properly.

Whilst appreciating the role of the President and Premiers in the appointment process, a number of HoD respondents called for more active involvement when problems do emerge in these executive relationships. Respondents suggested a more active role for the PSC or the Department of Public Service and Administration (DPSA) in the management of contracts and in their renewal. Reference was also made to the Forum of South African Directors General (FOSAD). In many countries (UK, France, Australia, Japan) the careers of HoDs are managed centrally

and are to a large extent removed from direct political control. These experiences appear to be influencing much of the thinking around how the system in South Africa could be stabilised and managed.

3.3.5 Performance management and incentives

Current and former HoDs placed a very strong premium on having a performance evaluation system to determine contract renewals. There were strong articulated perspectives in the responses to the questionnaires that an effective performance management system should be used to assess whether contracts are renewed and must be separated from matters of political preference. Many suggested that political correctness was being emphasized at the expense of actual performance.

Provincial HoD: HoDs who perform well, must be given the assurance that the contract period will be extended notwithstanding changes in political leadership.

Provincial HoD: There must be a clause added on the employment contract of HoDs that the contract will not be renewed only due to non performance and unless there are compelling reasons not to renew.

Whilst HoDs recognised the importance of the relationship with Executive Authorities, many indicated that their future and stability should be congruent to their performance in the Public Service. A number of respondents argued that the performance management process should be separated from Executive Authorities and that HoDs should be evaluated through the PSC and through a framework of peer-review.

Whilst a number of HoDs indicated that the salaries were reasonably attractive, many argued that the salaries were inadequate and not in accordance to the level of responsibility, when compared to the private sector. One of the central arguments is that departments are different and the levels of responsibility vary between HoDs. Some manage small policy departments, whilst others manage large delivery departments. Whilst salaries should be improved generally and should be close to those that can be commanded in the private sector; there should be a more focused consideration on the scale of responsibility between different departments.

Suggestions on salary improvements for retention purposes include proposals that the HoD salaries should be at least 30% more than the salaries of the most senior ranks below that of the HoD. In the terrain of non-monetary rewards, the attention is generally focused on improving working conditions through, amongst others, creating a level of certainty around contracts and establishing further development opportunities.

National HoD: A stupid pay-scale. It should be near-exponential, not linear. A DG should get 50% more, not 10% more, than her or his Deputy Director-General, and they should get 25%, not 10%, more than their Chief Directors. There could also be differentiation between big delivery and small policy departments. For the former, R2m per annum is still modest compared to similar private sector responsibilities.

Former national HoD: You need to address the non-monetary aspects of HoD jobs. The salary is not bad, but stress levels are high, rewards are few and political interference strangulating!

Chapter Four

Recommendations and Conclusion

4.1 INTRODUCTION

Grappling with the realities of HoD turnover requires a focus on the overall system of HoD appointment and termination and the development of specific interventions to minimise the impact of turnover on the Public Service. Within the context of the overall system there are various options that may be considered for the future. In shaping these options, it is necessary to draw on the available systems that are in operation across the globe and on the specific realities that face the South African Public Service.

The specific interventions to minimise the impact of HoD turnover are separated from the options presented on the overall system. Careful attention was focused on ensuring that the recommended interventions could be implemented independently of the overall system choices that are made. However, it is important to recognise that the system needs to be looked at globally and that the isolation of issues would not be prudent as it could result in further problems and unintended consequences.

4.2 THE OVERALL HEADS OF DEPARTMENT TURNOVER SYSTEM

A key lesson from the international experiences is that it takes a long-time to establish and stabilise a system that works optimally for a country. Such a system is not only shaped by culture and tradition, but also by specific realities within the socio-political and economic environment of the country. Many systems evolve and change as a result of changes in socio-economic conditions and hence there will always be a need to re-evaluate and assess the impact of particular approaches and strategies. Building on the international experiences and the realities of HoD turnover and its impact on the Public Service, three system wide options are presented for consideration. These options identify the direction that can be taken and the specific benefits of the option in building the HoD appointment and termination process. It is inevitable that other options might also be possible, however, careful attention was focused on assisting the process of decision-making on how the matter of HoD turnover might be dealt with in future.

4.2.1 Option 1: Retaining the existing system while strengthening Recruitment and Selection processes

The system that has been introduced in South Africa is fairly young and was established in direct response to a career based closed Public Service system. As a result of the new systems introduced, it has been possible to attract individuals from outside of the Public Service into most levels of the administration of departments. The system as established served to ensure that people with innovative, leadership capabilities could be brought into the Public Service. In addition, the contracting system served to ensure that there is a focus on performance amongst HoDs, as their security in the positions and possible contract renewal depends on demonstrating performance.

The position of HoD carries with it a high level of engagement with stakeholders and hence with political implications for government. Hence, having some level of political guidance and involvement is thus necessary and appropriate. The HoD position thus requires people who are able to embody the value perspectives of the new society and are able to engage with the political policies of the government in power. This system thus needs to be strengthened by putting in place rigorous recruitment and selection processes which will ensure that the best talent is attracted to the Public Service and that the HoDs appointed have the capacity to understand and engage with political change and political office bearers.

If correct choices are made on the outset, this will lead to a general reduction in turnover amongst HoDs and it is possible that serving HoDs will remain in the Public Service until retirement. Given that these appointments are time bound, the possibility of non-contract renewal will serve as an effective mechanism to encourage higher levels of performance. This system will also ensure that new people can be brought in when externally infused innovation is needed.

4.2.2 Option 2: Incorporating HoDs into the permanent Public Service

A permanent Public Service, with HoDs as a core rank within such a service, provides a basis for ensuring that there is a high level of stability. In such a system, people are appointed through a rigorous and credible process and on the basis of qualifications and skills. On appointment, they become part of a senior grouping that can be rotated anywhere in the Public Service. If the correct individuals are appointed, they would have the required competencies to be a HoD across a range of departments. They would have the required skills to ensure that they are able to serve any appointed Executive Authority and clearly articulate their policy perspectives when engaging with stakeholders. The professionalism they will demonstrate will ensure that they can be deployed to any department.

Rather than join a particular department, they will, on appointment, be joining the Public Service and be part of a leadership core. Entry into such levels is done on the basis of competitive evaluation procedures and generally only a small number are accepted to this grouping each year. Application to be a member of such a group can be from within or outside of the Public Service and the entry procedure would be the same. As appointments are to the Public Service and not to specific departments, deployment to posts where a HoD is needed will be done centrally within the Public Service. This option will require changes to legislation and will require a strategy on how the current batch of HoDs could be incorporated into the permanent Public Service.

4.2.3 Option 3: Rotation of HoDs and the use of career public servants

Creating a continuity balance, requires that the system be open to career public servants, who have no interest in short-term contracts and who remain committed to remaining in the Public Service after serving as HoD in a particular department. A rotational system would serve to avoid a situation where permanent public servants are discouraged by the reality of moving from permanence to a contract arrangement. Within a rotational system, serving public servants would be able to be posted to a different HoD position where appropriate or could return to positions previously held prior to their promotion to HoD positions. As the risk levels are lower for such officials, this will be factored into the HoD salary level established for serving officials.

Where necessary, an additional salary may be paid as a responsibility allowance. This will, subject to labour law, allow individuals to return to their previous or equivalent positions within the Public Service. This approach will also serve to encourage succession planning and applications for HoD positions from within the Public Service. Whilst the system is open to outside applicants, they would not have permanent status, unless they remain within a contract position for a certain period. This option will require changes to legislation or regulations to govern the specific conditions relating to appointments to HoD positions from within the Public Service. The implications of this option would need to be researched further to ensure that there are no negative unintended consequences.

4.3 STRATEGIES AND INTERVENTIONS TO MINIMISE THE IMPACT OF HOD TURNOVER

Much of the turnover experienced is because of factors that are embodied in the details of the functioning of HoDs and the conditions under which they operate. A number of supportive interventions are needed to enhance HoD performance and to ensure that they are able to function as expected. These interventions also serve to enhance the retention levels and facilitate a smooth transition between HoDs.

4.3.1 Induction into the Public Service and HoD roles

The role and function of a HoD is very different to other positions in the Public Service and comparable positions in the private sector. HoDs have very specific responsibilities that are defined in the Public Service Act and the Public Finance Management Act. Often new appointees from outside and inside the Public Services are not aware of the specific responsibilities of HoDs. The following induction processes are recommended:

- An Induction Guide targeted specifically at HoDs should be developed. The guide would contain essential information and also the process that departments need to follow to introduce HoDs to the department and their responsibilities.
- A short high level Executive Induction Programme should be introduced for HoDs. The course should be developed in close consultation with the FOSAD and be delivered in each quarter of the financial year. Attendance within the first six months of appointment must be made compulsory. The course should be delivered over three days to avoid non attendance due to operational work reasons.

4.3.2 Performance management and development

The development, approval and management of performance agreements is fundamental to ensuring that the HoD performs well and that their performance is central to determining their future in the Public Service. Performance Agreements must be put in place as soon as possible after appointment and performance must be monitored on an ongoing basis. The levels of commitment to completing Performance Agreements remain low and often subject to the completion of departmental plans. Delays create problems and completing very specific Performance Agreements takes time and often internal complexities make them difficult to assess. The following recommendations will ensure that HoD performance is managed despite the limits of departmental planning:

- Generic and simplified Performance Agreements should be developed for all HoDs. These agreements should be signed when contracts are signed and should ideally be accompanied by departmental plans. The generic areas should be such that they can be used to assess the performance of the HoD on the outputs and outcomes of the Department. The signing of the generic agreements and the conducting of regular assessment sessions should be non negotiable.
- Where performance problems have been identified, appropriate actions should be taken. If support and development is the preferred route, the HoD should be matched to more experienced HoDs within the Public Service. Support sessions and open communication between the HoD mentor and the HoD needing support must be encouraged. This requirement must be in writing and should specify the number of sessions that need to be held during the development period. Failure to comply should, if appropriate, result in contract termination.

4.3.3 Stabilisation and HoD transitional guide for departments

As the turnover of HoDs can be disruptive to departments and the Public Service, it is essential that strategies be established to ensure a stable and relatively painless transition between HoDs. Often the HoD enters the system with little or no knowledge of the logic of past interventions and the reasons why the department is structured in a particular manner and why certain practices were introduced. The following is recommended to guard against disruptive organisational changes when there are HoD changes:

- A support guide on managing the transition between one HoD and another must be developed and be provided to departments. Such a guide should specify all of the actions that need to be taken by the department to facilitate the exit of one HoD and the entry of another. The guide should specify the information pack that needs to be provided to the new HoD before he or she assumes duty and the procedure to be followed to brief the HoD on the department, its history and operations.

4.3.4 Support and mentorship for the management of the executive interface

The management of the executive interface and engagements with the EA remains one of the biggest challenges for HoDs. Whilst structural changes to legislation might assist the process, the reality is that HoDs are required to engage with complex and sometimes difficult EA requirements and balance these with operational realities and constraints. Managing the interface can be very stressful and often HoDs require a level of support and guidance. In this respect it is recommended that:

- As difficulties in the executive interface are attributed to the disjuncture between the Public Service Act and the Public Finance Management Act, this matter be further researched and if necessary changes be made to ensure that the system functions optimally and that a fair balance is established between accountability and domains of control and responsibility for HoDs and EAs.
- As changes to legislation or regulations is time consuming and can never fully anticipate all of the likely difficulties that emerge in the relationships, a support and mentorship process should be developed for HoDs. New HoDs and those who confront problems should be able to approach a central authority like the Premier's Office or the Presidency for support. Such an office would then link the HoD to another HoD colleague for ongoing guidance and mentorship.
- A dispute resolution process should be established to enhance the prospects of resolving problems before they become a crisis and lead to a complete breakdown of relationships. Such a process would entail allocating the responsibility for mediation and resolution of problems to a senior minister at the national level and a senior MEC at the provincial Level. The designated Minister or MEC will be given the responsibility of intervening at the request of either party or at his or her own discretion.

4.3.5 Salaries and other incentives for HoDs

The salaries of HoDs are a matter of concern and are currently linked to the salary structure of the Senior Management Service (SMS) of the Public Service. As HoDs carry a higher level of responsibility and the framework of contracting carries further risks for them, there is a need to reconsider their salaries, relative to other levels within the SMS. HoDs also have very particular responsibilities that go beyond their effective salary band within the Public Service. As HoDs are not often the direct recipients of development opportunities, there is a need to develop interventions that encourage their stay within the Public Service as HoDs. In this respect, it is recommended:

- An investigation should be conducted into the salary levels of HoDs with a view to ensuring that HoD salaries are competitive and are in line with the different levels of responsibility attached to different HoD positions. Such an investigation should include an assessment of other possible incentives that could be included for HoDs and that are distinctive to this level of authority and responsibility. Such an investigation should include establishing salary benchmarks.
- Efforts should be instituted towards creating opportunities for HoDs to engage with each other as part of a distinctive grouping within the SMS. These efforts include establishing interventions that serve to establish further non-monetary incentives for the HoDs. These should ideally include learning and development opportunities, social events and privileged access to particular personal services and other indirect monetary incentives.

4.3.6 Consolidating the management of the career incidents of HoDs

The management of the career incidents of HoDs is currently decentralised to national and provincial departments. In practice, this makes it very difficult to monitor developments across the Public Service and ensure a level of stability and commonality in the manner in which HoDs are managed. The administrative and management burden of appointing, contracting and terminating HoD tenure is dispersed across the Public Service. This often gives rise to misunderstandings on the provisions of legislation and conflict often emerges. The following recommendations will assist in this regard:

- The management of the career incidents of HoDs must be centralised. Such an approach will serve to avoid duplication and facilitate the effective management of contracts and performance. It would also ensure that there is compliance with performance evaluation requirements and would serve to ensure ongoing development of HoDs.

4.4 CONCLUSION

The study served to explore both the realities of the HoD turnover rate and the impact of the turnover on the Public Service. In moving beyond the quantitative dimensions of turnover, the study also served to reflect on the real experiences of HoDs and departments affected by the turnover. In combining the quantitative and qualitative dimensions of HoD turnover, it was possible to extract specific issues requiring consideration. A number of systemic options and specific recommendations have been presented as a means to improve stability.

The acceleration of service delivery is often contingent on institutional stability and continuity in capacities deployed within Public Service implementation organisations. Continuity and stability are, in many respects, also necessary to ensure that policy changes introduced are rapidly reflected in operational activities. By presenting various options and specific recommendations to manage HoD turnover, the PSC has attempted to facilitate deeper compliance with the public administration principles enshrined in the Constitution. Consideration of these issues will ensure that the Public Service is increasingly developmental in its approach and will continue to deliver services, efficiently, effectively, innovatively and responsively to all South Africans.

Annexure A

Global Experiences and Perspectives on Heads of Department Turnover

A.1 INTRODUCTION

The information from the collated questionnaires was supplemented by a broad analysis of global trends and insights from the available literature on public sector HoD turnover to construct a broader understanding of the issues. Research on HoD turnover and the correlation between HoD turnover and service delivery remains fairly scattered and limited. Whilst different practices in HoD appointment and termination are embodied in different national Public Service models, there are very few published articles on this issue available in the public sector research. The literature on the different practices on the mobility of HoDs does however provide useful insights on interventions that would be appropriate and the different approaches that can be used to construct a system that works for South Africa.

The turnover of HoDs across national public services is dependent on a variety of contextual factors, key among which tends to be the legislation and regulations that govern appointments and terminations, which are shaped by the national history of the Public Service in question. In other countries such as Canada the trend is towards higher turnover levels, however, experiences vary across different countries and different Public Service systems. Some systems seek to encourage a level of stability amongst the heads of public institutions, while others tend to view a certain level of turnover as necessary for innovation and performance purposes. Learning from these experiences and from continuing research on public sector organisations is essential in shaping the overall direction that is taken in the South African Public Service.

In outlining each of the systems that emerge from a review of the literature, attention is focused on the issues of the appointment process of HoDs and their tenure. The review begins with a broad overview of issues pertaining to the turnover of heads of organisations and the impact and value of turnover in both the private and public sectors.

A.2 THE IMPLICATIONS OF TURNOVER

Much of the available literature in the public sector focuses on the causes of turnover and is often premised on the perspective that turnover is costly and should be prevented. However, a deeper analysis of the literature reveals that whilst turnover can be negative for Public Service organisational performance, too little leadership turnover can also be problematic. Some level of turnover in the administrative leadership of organisations can have positive consequences for organisations. The possibility of turnover can reduce complacency, lead to change and innovation and facilitate the displacement of poor performers. Conversely, a high rate of turnover might affect productivity, service delivery and the spread and retention of important organisational knowledge.

A.2.1 Leadership turnover

Turnover that results from the departure of poor performers is considered functional to Public Service organisations. However, turnover that results in the departure of good performers is considered dysfunctional⁶. If a specific job requires specific skills and knowledge, longer term experience is necessary, as it generally increases the likelihood of better performance. Evidence from research, however, suggests that productivity and performance improvement generally tails off after ten years of employment in a specific position⁷. It is suggested that after a period in office, a Manager would often be more complacent in the position and hence not be a driver of further innovation within such a position.

The literature reveals a number of push and pull factors in leadership turnover in organisations⁸. A central consideration is whether HoD turnover is a result of being pulled to resign by the attraction of a new opportunity or spending a period of time outside the organisation, or whether it is a result of a push factor due to the dissatisfaction with their present jobs or working conditions. Research suggests that push factors are often more

6 Monitoring Turnover; Quality Public Service Workplaces – Information Paper 7, Office of the Public Service Merit and Equity (State of Queensland) June 2006. (p.1)
7 Eric Gonzalez Juenke, Management Tenure and Network Time: How Experience Affects Bureaucratic Dynamics, *Journal of Public Administration Research and Theory*, Vol 15, No1, 2005.
8 Monitoring Turnover; Quality Public Service Workplaces – Information Paper 7, Office of the Public Service Merit and Equity (State of Queensland) June 2006. (p.2-4)

significant when there are relationship challenges. Turnover studies that compare low and high performers reveal that generally low performers are more likely to leave than high performers.

Leadership turnover in the private sector is a growing phenomenon and studies in the international sphere reveal that higher turnover levels of Chief Executive Officers (CEOs) in large publicly traded corporations is a growing phenomenon. A study by consulting firm Booz Allen Hamilton reveals that the phenomenon of high turnover amongst CEOs is global and that even regions not burdened by governance scandals are experiencing high turnover levels⁹. The situation is not very different in Public Services across the world.

A study on political appointments in government across the world, conducted by the Japanese government suggests that public sector heads of department rarely stay in office in a particular position for over four years¹⁰. In the United States, there is high level of employment mobility, as many politically appointed HoDs rarely stay for a complete term of office of the President. In the French system, although many HoDs are appointed from within the career civil service, they rarely remain in the same position for over four years and often move to other comparable positions within the public service. A similar pattern exists in Germany.

A study on the turnover of HoDs (Deputy Ministers) in Canada¹¹ reveals that the length of assignment of these officials fell to 2.7 years between 1997 and 2007 from an average tenure of 4 years in the decade from 1987 to 1997. The Canadian study reveals that, although a number of factors, including transferable management skills, the reorganisation of government, political change and instability, and political leadership changes seem to have an impact on turnover, the implementation of the New Public Management reform in the Public Service increased the likelihood of turnover of their administrative leaders. Collectively the literature reviewed indicates that administrative leadership turnover is a growing phenomenon, there are no set benchmarks for the period someone should hold office and there are no easy explanations for the phenomenon.

A.2.2 The costs and impact of turnover on productivity

There are divergent perspectives on how turnover impacts on productivity. One perspective suggests that if resources are spent in training and preparing individuals to be effective heads of organisation, then the incentive to do so will decline with higher turnover. If people leave soon after they have been trained and mentored to assume leadership positions, then a high turnover level would render the investment lost. The incentive to do mentorship and training would also decline. The overall result of this would be a cycle of declining productivity as turnover increases. Another perspective suggests that a process of constantly matching HoD posts with the availability of skilled individuals in the market will result in higher productivity. Whilst more experienced and qualified individuals will seek better opportunities, organisations will seek different and better skill sets over time. The overall result of turnover in this instance would be increasing productivity. Within this perspective, it is assumed that as the society evolves and education levels improve, individuals with better skills sets become available on a constant basis and turnover provides a basis for attracting such skills sets.

Whilst turnover can be used to attract more and appropriately skilled individuals, there are costs associated with the appointment of heads of organisations in both the public and private sectors. Direct costs usually include the resources spent attracting, selecting and inducting a replacement. Service delivery costs include productivity losses such as incomplete or disrupted work, loss of quality, delayed or withheld service delivery, loss of knowledge and skills to achieve pre-existing rates of productivity on the job, disruptions to decision-making and stakeholder relationships. The costs of turnover are generally¹²:

⁹ Chuck Lucier; Eric Spiegel and Rob Schuyt, *Why CEOs Fall: The Causes and Consequences of Turnover at the Top*, *Strategy + Business*, 2007.

¹⁰ Survey of different systems by the Government of Japan. The actual title and year of the report is not clear and difficult to trace.

¹¹ Andre Cote and Alynx Holland, *Is Deputy "Churn" Myth or Reality?*, *Public Policy Forum*, November 2007.

¹² Monitoring Turnover, Quality Public Service Workplaces – Information Paper 7, Office of the Public Service Merit and Equity (State of Queensland) June 2006. (p6).

- *Separation* costs that include the administrative costs of the exercise and the estimated 50% loss of productivity by the employee prior to leaving the organisation.
- *Replacement* costs that include the costs of advertising, recruiting and conducting interviews, as well as costs associated with orientation and a loss of productivity in the initial period of employment.

In addition to the separation and replacements costs, there are varied costs associated with organisational performance and continuity in the delivery of services.

A.2.3 Public Service turnover and organisational effectiveness

The literature suggests that, as organisations are not homogeneous, the impact of turnover on organisational effectiveness is likely to vary across organisational types. Organisations with stable and predictable services are likely to be less affected than organisations that are policy oriented and face changing realities and demands on a constant basis. Organisations that are perceived as poor performers often have higher turnover levels.

In practice, within the Public Service poor organisational performance cannot be laid at the feet of the administrative head alone. Whenever performance is poor, turnover is likely to be higher, regardless of the quality of the manager. Incoming heads often seek to distance themselves from predecessors and adopt distinctive priorities and strategies. This tendency impacts directly on Public Service organisations, as the new head cannot change the services as they are defined by law, and hence tend to change the organisation itself. Even if new structures are not introduced, the new head is likely to want people in their senior management team who are sympathetic to the revised agenda for the organisation¹³.

Establishing a clear causal link between shorter tenure and poorer performance or organisational instability is complex and there seem to be no quantifiable way of establishing one. Nevertheless, there appears to be general agreement in the literature that learning the work, understanding the organisation and its people, and developing policies and expertise will take time. The less time a leader spends in a position, the more challenging the task becomes and the harder it is for a leader to establish credibility and generate commitment¹⁴. The realities often suggest that 'you can't replace experience or knowledge with a briefing note'.

In a study conducted on turnover in the public sector in the United Kingdom, it was found that the tenure of senior managers in the Public Service is partly contingent on organisational performance. They are apparently more likely to remain in a post, by choice, when organisational performance is high and more likely to depart when performance is low. The relationship between performance and turnover thus needs to be assessed carefully. A higher turnover level might suggest a system correction where there has been poor performance and not necessarily a system that is losing talent¹⁵. Naturally, the conditions and variables in each situation need to be looked at carefully.

A.3 EXPERIENCES ACROSS PARTICULAR PUBLIC SERVICE SYSTEMS

Experiences of HoD turnover rates across different countries vary and are in many respects determined by the nature of the initial appointment. The different systems are also often shaped by their historical traditions and mobility levels across society¹⁶. In some instances, appointments of HoDs or their equivalent is linked to the political terms of office and in others, they are career based appointments. The broad categories captured below provide a useful reference point for the available systems and constitute a basis for reflecting on the system in South Africa. Attention is focused on the nature of the appointment, the period of appointment and post-employment mobility to assist the analysis process.

¹³ George A Boyne (et al), Does Public Service performance affect top management team turnover?, Paper prepared for presentation at the Public Management Research Conference, Tuscan, Arizona, October 27, 2007.

¹⁴ James C. Clingermayer and Richard C. Feoick, Leadership Turnover, Transaction Costs, and External City Service Delivery, *Public Administration Review*, May/June 1997, Vol 57, No.3.

¹⁵ See George A Boyne (et al), Does Public Service performance affect top management team turnover?, Paper prepared for presentation at the Public Management Research Conference, Tuscan, Arizona, October 27, 2007.

¹⁶ In outlining the different systems and practices that exists, reliance is placed on the following for information: 1) Survey of different systems by the Government of Japan. The actual title and year of the report is not clear and difficult to trace. 2) Kan Pan Suk, Transforming the higher-level civil service in a new age: A case study of a new senior civil service in Korea, *Public Personnel Management*, 36 (2), 2008. 3) A Cross-Jurisdictional Scan of Practices in Senior Public Services: Implications for New Zealand, State Services Commission, February 2000.

A.3.1 Turnover linked to political office

Whilst there are various countries where appointments to senior Public Service leadership positions are linked to political office, the most explicit of these is the United States. In principle, senior appointments are made by the President and subject to the approval of Senate. In addition to heads of state departments, over 3000 positions are subject to political appointments within the federal system. Most of the people assigned to the politically linked posts are from private companies, law firms, educational and research organisations and from within the permanent Senior Executive Service¹⁷.

The tenure of political appointees, as heads of organisations, is linked to the term of office of the President. There is no guarantee of status for these appointments, and the appointee can be fired or dismissed at any time, at the discretion of the appointer. In addition, they have no right of appeal against action, such as dismissal. Political appointees, despite a focus on strategic political issues, have substantive operational control over implementation issues. In general, their salaries are regulated by law.

As the terms of office of heads of organisation are linked to the term of office of the President, it is often customary for political appointees to submit a resignation letter and it is not unusual for them to resign earlier. In the case of those who are appointed to political office from the Senior Executive Service, they would return to their positions prior to appointment. In all other cases, no support or provision related to post-employment is provided. Most return to the private sector or the organisations within which they were previously appointed. The system is premised on a high level of mobility in the labour market. In general, people don't feel uncomfortable about taking short-term positions.

One of the key structural characteristics of the Public Service in this model is that it is able to rapidly incorporate the new policy perspectives and change to suit the term of office of a President. As a high degree of openness exists, it is often easy to absorb the perspective of a new appointee and initiate changes for the implementation of such policies. Establishing trust with professional employees is often fundamental to the success of the political appointees.

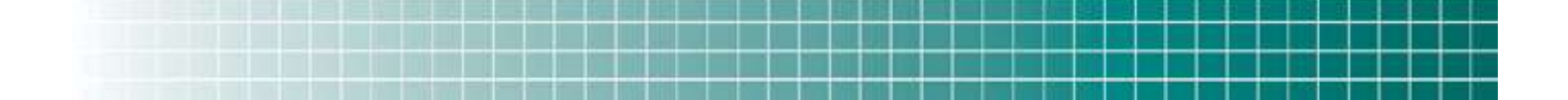
A.3.2 Heads of Department as permanent officials

The British Public Administration System and Commonwealth countries that have followed this tradition continue to retain HODs as permanent appointees. In general, HoDs or Permanent Secretaries are full-time employees whose term of office is not linked to a Minister or the party in power.

Whilst retaining the tradition of permanence and neutrality, innovations have been introduced in the British system and Commonwealth countries that inherited and implemented the British Public Administration system. To ensure that Ministers receive appropriate policy support, additional politically linked posts that serve to provide more direct policy support to Ministers have been established. These posts do not carry administrative responsibilities, but they do exercise influence through direct support to Ministers in the exercise of policy leadership over the administration. These posts are linked to the tenure of the Ministers and are direct Ministerial appointments. Another innovation has been the introduction of agencies linked to departments. Agency appointments are usually made from outside of the civil service and often on the basis of strict performance contracts.

In the case of the professional public service, the status of HoDs or Permanent Secretaries is guaranteed and they cannot be removed from office, as long as they do not display inefficiency or breakdown. Dismissal requires a rigorous consultative process. Permanent Secretaries are customarily not transferred, even when there is a change of government in Britain.

¹⁷ Russel L Williams and James S. Bowman, Civil Service Reform, at-will employment and George Santayana: are we condemned to repeat the past?, *Public Personnel Management*, 36 (1), 2007.



Also in countries that follow this tradition HoDs are permanent officials and expected to remain in the Public Service until retirement. Whilst competition from outside candidates is encouraged, the most senior civil servants become HoDs (Permanent Secretaries) after rising through the ranks of the civil service. Countries using this model increasingly allow for transfers between departments to facilitate relationships between Ministers and HoDs and ensure optimal performance. Generally, these public servants only leave upon retirement, but are able to secure employment in the private sector because of the prestige they carry as senior civil servants. These practices which involve senior civil servants securing employment in the private sector are not encouraged and there are specific provisions relating to post-employment work.

A.3.3 Term based appointments of Heads of Department

There are systems where the HoD appointment may be linked to the term of office of the political party in power. However, whilst linked to the term of office of a political party, HoD's are not explicitly political appointees, as is the case in the system in the United States. In France and in the countries that use the French system high level posts, including those of Directors-General and directors of central government departments, are made by the President and do not carry a guaranteed status. Within these systems, a person can serve as an HoD in different departments and often at the discretion of the government in power.

The system in France evolved over a long period, and in practice, heads of administrative departments are appointed on the basis of their skills and competence. They are often required to have a high level of specialised knowledge or administrative experience. Almost all posts are filled by serving public servants. The appointments are carried out by the President. Ministers select possible appointees based on administrative achievements from the most senior ranks in the Public Service. Although it is not a requirement to be a serving public servant to be a high level official, most are chosen from a particular corps of public servants. About 70 to 80 percent of these individuals come from the French School of Public Administration (ENA). It is also not a requirement that the most senior official be appointed as an HoD. A competent official from a lower rank may also be appointed as a HoD.

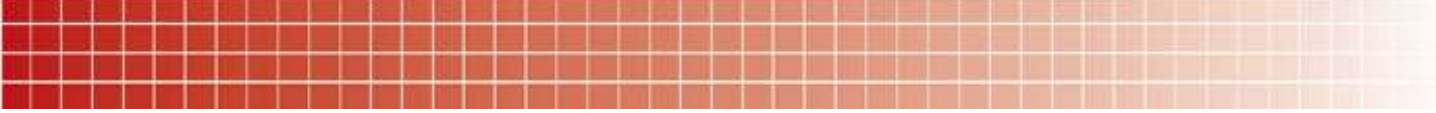
Within this system there are no guarantees of status for officials appointed from outside the Public Service. These HoDs are not granted official government employee status thus the government in power can at its discretion replace them. It is thus possible to have a complete replacement of all HoDs in the system. This, however, does not normally happen and occupants are rarely replaced all at once. Professional public servants appointed to high-level office under a dispatch system keep their status as official government employees. After resigning as HoDs, these officials are guaranteed to return to their previous posts or can be promoted elsewhere, whilst retaining their pension terms.

HoDs move frequently between different high-level positions across the Public Service. They also move between the Public Service and business sector. These HoDs are part of an elite grouping and are marketable outside of the Public Service. Many stay within the system as membership of an elite corps that carries various social status benefits. Regardless of whether the appointment is from within the Public Service or outside, the general approach is to place restrictions on the areas of employment after departure. Employment in organisations that have contracts with the departments in which the official served is not allowed and approval is required for all other employment for a five year period.

A.3.4 Contracted HoDs

The introduction of fixed term contracts is a more recent phenomenon and emerges directly from the New Public Management (NPM) paradigm on the management of Public Service organisations. This approach goes hand-in-hand with the semi-privatisation of government services and the establishment of specific corporatist organisations or agencies from large departments. Heads of such corporatist structures are appointed on a fixed performance contract. The system used in South Africa broadly falls within this category.

The 'contracting approach' was adopted as a strategy to bring in to the public service people from the private



sector and other institutions, who are not career public servants and who have not been promoted through the ranks of the public service. In the most traditional of these approaches, an HoD is contracted for a period that is not necessarily linked to the period of the governing party or Minister. Accountability for performance on the basis of a fixed term contract is deemed more relevant than accountability to a Minister. Contracting periods vary and often there is neither security of tenure nor any commitment to extend contracts. **Netherlands, New Zealand and Australia** use this approach. However, as appointments to the senior service are managed through various authorities, there is some level of security and the possibility of movement within the Public Service.

In general, a contracting approach embodies risks for both the employer and employee. Perspectives on HoDs' performance contracts and possible renewal of employment contracts are often complex and subject to contestation. Whilst a fixed contract enables people from outside the public service to be deployed within the system, the levels of turnover tend to be very high. In addition, if contracts are terminated before the end of the period, the costs tend to be very high. Whilst there are cost implications for the Public Service in this approach, those who depart after their contracts have been completed are often absorbed within the economy and very few are re-employed within the Public Service.

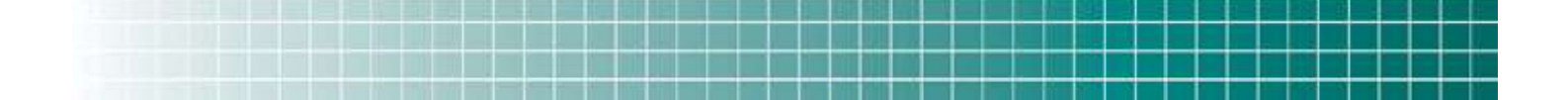
A.4 RELEVANCE OF THE EXPERIENCES FOR THE SOUTH AFRICAN SYSTEM

The system for appointing and dismissing HoDs in South Africa is as a result of dealing with past experiences and the government's need to transform in the immediate post-apartheid period. Such an approach was also necessary to ensure that government brings into office people who were more disposed to the democratic dispensation and ensure that the senior public service was representative of the larger society. The South African system seems to contain elements of all the approaches. The British system of the professional career HoD has largely been replaced by a combination of political and contract based appointments. The current system evolved in direct response to the limitations of the old system within which HoD appointments were closed to outside candidates and were reserved for those who were promoted through the ranks of the Public Service.

In changing the system towards a contract approach, the overall intention of government was to ensure that new innovations would be brought into the Public Service, and that HoDs could be held accountable for delivery on results through time-based performance contracts. The ability to appoint people from outside, also presented government with an opportunity to ensure that the Public Service is more representative of society and would serve to empower those who were previously disadvantaged. The final and formal authority for the appointment of HoD's resides with the President at the national level and Premiers in provinces. In practice, appointments are often made on the recommendation of Ministers and Members of the Executive Council (MECs). In the case of some Provinces the authority is delegated to MEC's.

A key question to be answered is whether this approach is still effective and appropriate for South Africa in the current context. It is crucial to look at how other systems are shaped and have been reshaped as a result of learning from the initial experiences, as well as to review the South African experiences and challenges. In looking at these systems and their relevance, careful consideration needs to be given to the specific social, economic and political history and context of South Africa. A key challenge and consideration in shaping the system would thus be the extent to which it would assist in ensuring long-term delivery in a context of poverty and long-term developmental challenges.

Specific interventions to shape and re-shape a system must be looked at in the context of the overall system. Whilst permanence in the appointment of HoDs might seem appropriate for organisational stability, this might not be the most appropriate strategy to ensure higher performance and optimal relations between the political and administrative levels. In addition, whilst fixed term contracts might be the most appropriate for demanding performance, this approach might not be the best for attracting talent as the levels of risk associated with the position is very high.



The collective experiences of other countries and the resultant different approaches that are presented, point to the need for a more rigorous analysis of the challenges and opportunities in the South African system. The global experiences demonstrate that specific interventions to manage HoD appointments and terminations must be seen in the context of the overall system and not just within the confines of what was and is intended. Whilst the HoD contract appointment system might have been relevant at a particular point in time, a central focus has to be on whether it is relevant at this point in time and if necessary what experiences from the global environment can assist in reshaping the system of the future. Specific aspects of one system cannot be imported into the South African situation without recognising the overall context within which such an aspect evolved and its specific contextual relevance.

NOTES

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