FAIR PAY IN INGOS

Dr Ishbel McWha–Hermann
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PROJECT TEAM

• University of Edinburgh
  • Ishbel McWha-Hermann
  • Jakov Jandric

• Massey University
  • Stuart Carr

• CHS Alliance
  • Sam Wakefield

• Birches Group
  • Curtis Grund
OVERVIEW

Background and project overview

Results:

• What are organisations doing?

• Change
  • Why change?
  • Key learnings from the change process
  • Barriers to change

• Important strategic considerations

Looking ahead
• Dual Salaries: In low-income countries paying skilled host country national employees and expatriate/international counterparts on different pay and benefits scales

A potential barrier to:

• SDG1 – a thriving middle class, that ILO says helps combat extreme poverty
• SDG8 – equal pay for work of equal value
• SDG9 – developing sustainable infrastructure
• SDG10 – equal outcomes
• SDG17 – capacity building
BACKGROUND

Research:

• Distributive Justice - Equity Theory (Adams, 1963)
• Experimental studies (e.g. Carr, McLoughlin, Hodgson and MacLachlan, 1996)
• Project ADDUP (Carr, McWha, MacLachlan & Furnham, 2010)
  • Overall pay ratio: 4:1 (wide variability, some inequity acceptable)
  • Pay gaps = injustice, demotivation, reduced learning, turnover (esp. HCNs)
  • Organisational climate possibly crucial (more than sector or country)
  • Is your pay sufficient to meet your everyday needs? 80% local=No
  • In-country workshops – transparency, openness, fairness

• 2014 ESRC/DFID workshop in London
PROJECT FAIR AIMS

• Building on existing body of research

• Talk to INGO rewards and HR managers about their experiences with different remuneration systems, and what works and what doesn’t work

• Translate research findings into practical policy solutions

• Begin to build a solid evidence-base

• Develop organisational case studies and an online resource

• www.project-fair.org
PARTICIPANTS

• 15 organisations (18 interviews)
• n=90 (11 int’l) - n=17,000 (600 int’l) (*but many more)
• Wide programmatic focus
• Org structures: confederate, networks, single organisation
• 3 - 27 offices, 6 - 120 countries of operation
• Head office location
  • UK: 8
  • Europe/Scandanavia: 2
  • Africa: 3
  • Asia: 2
METHOD

Semi-structured interviews:

• Description of current reward system
  • Why this system?
  • What works/doesn’t work
  • Why change it?
  • Formal/informal evaluation? Incl. HR metrics and impact of reward on these

• Stakeholder perspectives (donors, board, staff, beneficiaries, etc)

• Organisation demographics/structure
WHAT ARE ORGANISATIONS DOING?
REWARD SYSTEMS

• Single systems (3)
  • Nationally benchmarked benefits plus relocation allowance
  • Internationally relocated staff get HQ benefits plus relocation allowance
  • All staff in roles > grade 5 have international benefits, monetised

• Dual system (6)
  • National country package plus global/international package (often countries control national, secretariat controls international package)

• “Hybrid” systems (5)
  • Local policy at low grades, global policy for higher grades (1)
  • Dual system but executive positions matched for salary, nat/International benefits, HQ package for regional roles (1)
  • HQ and national country scales and benefits (1)
  • Everyone on HQ package (1)
  • Dual system including technical vs non-technical sub-scales (1)
INCREMENTAL APPROACH

Developing a consistent and transparent system
- Job evaluation
- Benchmarking

Hiring nationally where skills are available

Nationalisation policy
- Aligning benefits and allowances
- Total reward package

Single system
- Local data (poss. global mix at top)
- Local benefits
- Relocation allowance
- Mobility policy

Org strategy

Org/sector philosophy; reputation; development and leadership opportunities; work environment
EVALUATING THE SYSTEM

• Stakeholder feedback
  • “[this org] has been quite a high payer in the market especially for international posts, and we know that some donors have expressed some concern about this, as part of the review phase that we did”
  • “staff … see it, and they know it, and they don’t like it. And from time to time they say ‘not fair’”

• HR metrics (recruitment time, turnover, retention, engagement, satisfaction)
  • Generally not well measured formally (esp. in country offices)
  • Exit interviews / engagement survey (2-3 yearly; few questions)
  • Informal: “I think the perceptions of the system being unfair can come more, maybe not so much from the staff survey, but from conversations and from feedback from regional HR managers, and from particular emails from particular individuals”
WHY CHANGE?

- Fairness (14)
- Consistency and transparency (11)
- Cost (7)
- Values (5)
- Availability of skilled local talent (4)

“with our new policy, we want to ensure that we have a more consistent and unified approach to reward...[International and national packages] should be as similar as possible and if there are differences we want to try to be able to explain why there are these differences”

“we just didn’t want to have that separate elite class of staff... It’s really all about our values and our original founders’ ethos that we don’t think that we should treat people differently, we don’t think that we can go into a country and talk about equality and equity, yet within our own organisation we’re not treating people the same.”
BARRIERS TO CHANGE

• Fear of difficulty recruiting (8)
• Wanting to remain competitive (6) (within the sector/meeting expectations)
• Consistency across different economic situations (5)
  • Is consistency necessary? (“We work in Africa, in Asia, in the Middle East and in Latin America, which are completely different economies, so our local national salaries are clearly different”) –
  • Linked to mobility philosophy
• High risk settings (3) / emergency locations (3)
  • Where recruiting is already a challenge
LESSONS LEARNT

• Communication with staff
  • most important part of process; PR

• Strategic thinking
  • Underlying principles of the reward system, and fit with organisation’s strategy and values

• Senior level support and buy in
  • Realistic!

• Underlying HR system and approach
  • transparent and consistent – benchmarking and job evaluation

• Build in a process for testing the local market

• Include a transition phase
LINKING WITH STRATEGY
KEY STRATEGIC CONSIDERATIONS

• Nationalisation strategy (12)
  • “we seek to prioritize recruiting and developing local staff wherever we can. And we would try to recruit international staff by using a local package if that was possible, but we recognize that in some instances, in order to be competitive with other large agencies, we may have to use a global type package in order to be able to secure the people that we need, to do the jobs that we need”

• Mobility philosophy (9)
  • “we want to give more emphasis on internationals being a global workforce… They should be globally mobile, they have a certain level of expertise and experience and should have a high focus on building capacity of nationals, while they’re there. So that they potentially could be replaced by nationals when they leave.”
  • “we strive to hire local staff. But that’s not always possible, so when we can’t do that, we will move people from one country to another, but it’s really treated as relocation rather than a temporary expat assignment”
KEY STRATEGIC CONSIDERATIONS (II)

• Total Rewards Package (13)
  • Motivation
  • Sector philosophy / the cause
  • Brand
  • Work environment
  • Personal career development (and leadership) opportunities

“We find people are working for [us], because the contribution to the society is really important”

“compensation has been a key element for us in order to be able to attract and keep [staff], but of course there are other things that we also hear from our staff that they really want to work with [us], more because of the reputation the organisation has in the humanitarian sector”
KEY STRATEGIC CONSIDERATIONS (III)

• Identifying market comparison groups (local/international, technical/non-technical, private sector/NGOs)
  • “we don’t ever compare salaries… from one country to another because I feel it’s not a relevant comparison”
  • “if somebody comes and breaks the ‘E’ wall, they will get the same pay whether they’re based in London, Johannesburg or Nairobi. The reason why we’ve done that pay scale is that for those roles we need the international experience, this also for having international remit, and so we fill that, regardless of the nationality and home country, which means regardless of cost of living, or local pay scales in that country, we want everybody to be on an equitable pay scale”

• Centralised vs. decentralised HR/reward decisions
NEED A SECTOR-WIDE APPROACH

“INGOs need to move together. So if one INGO does something really bold, implements something really new, which will save them money but will reduce their competitiveness, then that’s not going to do anyone any favours. So we need to move together on it”

“for me it’s partly about skills capacity building to make sure that there are local people that we can recruit, but it’s also about working together as a sector to look at the packages that we give to ensure that we don’t drive them up by competing with each other and that we think about whether we do need to provide the level of package that we do and whether, as a sector, we can change the way we operate. That’s how it would have to be because of the worries we’re constantly competing with each other to secure the right people”

I think it would be useful if there were more organisations making the change more or less at the same time. Not to lose competitiveness
KEY MESSAGES

- No one best way
- Incremental Approach
- Strategic aspect is important
  - Nationalisation policy
  - Mobility policy
  - Total Reward Package
- Working together (strength in numbers/data)
PROJECT RESOURCES

- Website: www.project-fair.org
- Project report
- 6 organisational case studies

OVERVIEW OF THE ORGANISATION

Save the Children International (SCI) programmes focus on giving children a healthy start in life, the opportunity to learn, and protection from harm. Programmes emphasise transforming children’s lives, supporting and in

CASE STUDY: NORWEGIAN REFUGEE COUNCIL

OVERVIEW OF THE ORGANISATION

Norwegian Refugee Council is an independent humanitarian organisation aiding refugees by providing sanitation, food, and water, shelter, legal aid, and education. The organisation operates in 26 countries. Its headquarters are in Oslo.

DESCRIPTION OF THE REWARD SYSTEM

Recently, NRC developed a new global reward strategy and policy which aimed to introduce a set of global principles in support of a new unified approach to reward. This policy

Project Team:

University of Edinburgh
Dr. Heidi McWhirter
[research lead]

Jakob Jandric

CHS Alliance/People In Aid
Samantha Waterfield

Massey University
Prof. Stuart Carr

Birches Group
Curtis Grand
LOOKING AHEAD

• Working with INGOs to make changes to their policies and systems
• Ongoing evaluation with interested organisations of impact across key HR metrics
• Developing an online audit tool, and fairness toolkit
• Research understanding employee expectations and needs, and impact on them of different systems (e.g., engagement, retention, extra-role behaviours, etc)

• What else can we do to help?
THANK YOU!

Any questions or comments email Ishbel McWha-Hermann:

ishbel.mcwha@ed.ac.uk