



FAIR PAY IN INGOS

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PROJECT TEAM

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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

BACKGROUND

- 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/Scandinavia: 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
 - Internat'ly relocated staff get HQ benefits plus relocation allowance
 - All staff in roles > grade 5 have internat'l benefits, monetised
- Dual system (6)
 - National country package plus global/internat'l package (often countries control national, secretariat controls internat'l package)
- “Hybrid” systems (5)
 - Local policy at low grades, global policy for higher grades (1)
 - Dual system but executive positions matched for salary, nat/internat'l 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



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”

THE CHANGE PROCESS





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”*

*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*

*“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”*

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



Fairness in aid remuneration
PROJECT FAIR


Exploring practical pathways for reward fairness in international NGOs

Project Fair is an ESRC-funded international collaboration between the CHS Alliance, Birches Group, the University of Edinburgh and Massey University

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**CASE STUDY:
 SAVE THE CHILDREN
 INTERNATIONAL**

**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 – every day and in

PROJECT FAIR




**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 29 countries worldwide, employing nearly 6,000

**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

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 (eg engagement, retention, extra-role behaviours, etc)
- What else can we do to help?

THANK YOU!

Any questions or comments email Ishbel McWha-Hermann:

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