

Market Driven - Professional Allowance Supplement



CARE Ethiopia recognises it has to address a range of push and pull factors if they are to improve retention including: limited management and technical capacity for some positions, highly competitive market, competitors with more secure and longer term funding, inhospitable and insecure operating environments and short term funding.

Many of these factors they cannot control however they have successfully developed short and long term strategies to improve the retention of key professionals. The short term strategy, Market Driven - Professional Allowance Supplement is a pragmatic and flexible approach to a complex problem. It has a specific purpose and when used appropriately can improve retention without undermining the existing remuneration and reward systems.

Introduction to the organisation

CARE is an international non-governmental organization operating in over 70 countries globally. CARE has been working in Ethiopia since 1984 undertaking large-scale emergency and development programming. At present, CARE Ethiopia's Country and Field Offices staff over 700 employees operating in South Gondar Zone and Bahir Dar in the Amhara Region, East and West Hararghe and Borana Zones in Oromiya Region, Zones 1, 3, 4 and 5 in the Afar Region, Dire Dawa and Addis Ababa. CARE's programs are grounded in household livelihood security framework and rights-based approaches, which are aimed at addressing the underlying causes of poverty and vulnerability. CARE Ethiopia's mission is to work with poor women and men, boys and girls, communities and institutions, to have a significant impact on the underlying causes of poverty. CARE implements a range of rural and urban based programs, addressing:

- Emergency Preparedness and Response
- HIV and AIDS
- Sexual Reproductive Health
- Food and Livelihood Security
- Pastoralist Livelihoods
- Education
- Water, Sanitation and Hygiene

CARE's funding comes from a wide variety of donors including the Governments of USA, Canada, UK, Norway, Netherlands, international bodies such as UN OCHA HRF and the European Commission, and private companies and foundations.

Background to retention issues

The humanitarian relief and development sector in Ethiopia is a large job market in which there is especially high demand for professionals with specialized higher education and training as well as management experience. The significant amount of aid and development resources dedicated to Ethiopia over the past three decades has created a job market with numerous national and international NGOs operating in the country as well as UN agencies, donor and Government agencies all vying for a relatively small pool of qualified

professionals. These employers have varying capacities to offer different salary and benefits packages with UN/donor bodies at the affluent end of the spectrum and government sector and local NGOs with the most limited funding for human resources.

Even in normal circumstances economic pressure and the fact that the employment in humanitarian and relief activities are central to people's livelihoods, staff are often continuously looking for better and more secure financial packages. The economic recession starting in 2008 adversely affected organizational resources, reducing certain income stream and their undermined organizations capacity to retain staff. Furthermore short-term emergency projects, or even longer-term but time bound projects, also lead to staff turnover. Staff seek better salaries and longer-term contracts. It also creates more competition among employers, adding further challenges to retaining qualified, experienced professionals.

The loss of experienced, high potential and high performing professionals from the organization is problematic for a number of reasons, including:

- Loss of invested institutional knowledge, competencies and skills.
- Turnover means pulling from immediate priorities to cover gaps and slowing overall organizational advancement on regular plans, important innovations, and change agendas

CARE Ethiopia offers competitive remuneration packages and ensures regular review and comparison with peer NGOs operating in Ethiopia to ensure its competitiveness within the local market; however the organization is often unable to compete with employers such as the UN, private sector counterparts, or donors that have more competitive packages and often better job security. CARE recognizes the costs of staff turnover and recruitment and is continuously seeking ways to attract and retain highly competent professionals in both monetary and non-monetary ways.

Addressing retention through Market Driven - Professional Allowance Supplement

It has become increasingly difficult to attract new talented professionals in certain positions; for example this challenge has been observed as particularly difficult in the Public Health Sector as there is a high demand for professionals with advanced higher education (MD and MPH), with extensive management and administrative experience and non-profit sector expertise. Individuals that meet these criteria are highly sought after in the local context, therefore difficult to retain. Analysis identified some professions within the job market who are outside of CARE's current compensation and benefits package.

CARE recognized that there are certain systematic and financial aspects of the organization that limit the ability to retain staff and cannot be easily changed such as donor/funding regulations and operating a business model that is constrained by projects which confine the organization to developing human resources linked to secured and separate project budgets. While the closure of projects represents more than half of staff departures, other opportunities (higher salary and benefits packages and professional growth opportunities) represent the majority of the balance.

CARE is attempting to address the inherent issues of impact and staff retention related to the project model through its current project to program shift (P-shift). However the P-shift is a long term, multiyear process which will not yield instant results in terms of staff retention. In order to address the problem in the immediate present, CARE needed to find a way to increase the flexibility in salary packages that would allow the organization to keep its best people without skewing the overall salary scales/grades in a manner that was financially unviable.

Evaluation of success

In response to this challenge, CARE Ethiopia initiated a process to create a Market Driven Professional Allowance Supplement with a more competitive compensation which would enable the retention of competent professional staff in high turnover senior professional positions and to attract talented and qualified individuals from the local job market. In order to establish the professional salary supplement, CARE Ethiopia undertook an iterative review process to assess and learn from similar experiences of other CARE country and regional offices and other international organizations operating in Ethiopia.

The main purpose of this professional salary supplement is to enable CARE Ethiopia to be competitive in the local job market for targeted high turnover/highly competitive professional positions. The decision to consider a position for the supplement is based on vigilant review and analysis of attrition rates over time and measured against industry standards, and careful market analysis. Some positions that are highly competitive in today's market may become less so if more highly trained and experienced people join the local market in that particular category, and vice versa. Therefore the market driven salary supplement is not a catch-all solution for staff retention in general, but is specifically targeted at those high demand positions that call for senior management professionals. The policy is useful in that it allows for CARE to practice strategic flexibility in the effort to recruit and retain qualified staff without reviewing and adjusting the overall compensation and benefits package (this process is performed every 2 years).

This professional supplement was introduced as a pilot program in December 2006 to be reviewed periodically. The first position that was targeted in this pilot was the HIV/AIDS Program Coordinator, as data collected over time demonstrated this position as the highest turnover position in a highly competitive market (requiring MD and MPH, as well as senior management and INGO experience). The specific professional allowance supplement range is established and exact allowance determined by taking into consideration the local market value of the profession at a given time (even outside of CARE's regularly scheduled salary and benefits reviews (every two years) and cost of living analyses (every 6 months), CARE's budget availability, and past salary/compensation history of the selected candidate.

CARE Ethiopia has been implementing the Market Driven Professional Allowance Supplement policy for over 3 years. The policy has been used 5-6 times in that period to successfully recruit and/or retain personnel integral to CARE's programs, who would have otherwise been lost to competitive employers in the local market. In general, the policy has been well received by staff without observed perceptions of unfairness/jealousy.

Conclusion

“The policy can be rated as successful overall; however, as specified above, this policy is highly targeted and is not appropriate to apply to all positions. It is not a solution that can effectively tackle the issues CARE faces in regards to retaining qualified and experienced frontline staff, especially in operational areas of the country that are remote and undesirable. The professional salary supplement is useful for its intended purpose and would be recommended as a potential technique for organizations operating in contexts of similar employment markets.”

Abby Maxman Country Director CAREA Ethiopia and Alix Carter, Emergency Program Officer