

## WaterAid's Global Reward Journey

This case study was first presented at the People in Aid Reward Forum in London on 23<sup>rd</sup> September 2011 by Adam Furse, WaterAid's Head of OD and UKHR. It was written up by Michèle Dennison.

### Organisation and Description

WaterAid is a UK development agency employing 606 staff across 23 country programmes with an annual income of £46 million. Established in 1981 the organisation has experienced rapid growth in recent years and is aiming for this trend to continue. In 2009/10 it reached nearly one million people with safer water and 1.24 million people with sanitation.

### Context and Background to the Problem

A two tier contracting approach had evolved which distinguished between national/local appointments and international/expatriate appointments. This approach reflected thinking which is common across the INGO sector that some appointments require enhanced salary and terms and conditions in order to be competitive and/or compensate for the personal disruption associated with international mobility. Although WaterAid only had 12 staff on expatriate terms this distinction created disquiet and discomfort across the organisation through a perception of unfairness. In exploring the issue it became apparent that the organisation was not clear what it meant by international/expatriate staff i.e. was it about the nature and requirements of the job, the nationality of the incumbent or a combination of both? There were inconsistencies inherent in the approach, for example staff relocating to its HQ did not receive the expat package. There was concern that WaterAid was paying differently based on nationality. It was found that shorter term benefits were being offered for longer assignments e.g. staff who had lived in their assignment country for extended periods continued to receive benefits associated with short term mobility/relocation such as accommodation and education support and home leave. As a development organisation WaterAid, generally, does not expatriate staff for short term assignments. WaterAid were clear that they needed to be flexible, competitive and equitable whilst reflecting what is important to their stakeholders and being true to their own values and founding principles. They also wanted a solution that was simple to explain and manage.

### Solution to the Problem

1. They revisited the organisation's first ethos paper by WaterAid's original Director David Collett. This said:

*We are trying to increase the capacity and the confidence ... So we are seeking to avoid dependency upon us...Were they [our staff] to be highly paid, with a lifestyle quite different from their local colleagues, and with their leisure immersed entirely in expatriate groups, then again we would be taking them away from the essentially egalitarian relationships...They need sufficient income to live comfortably, but they also need a motivation for the ethos...We are not a commercial organisation, and the employment*

*packages, which such organisations are able to offer, cannot and should not apply in our case.*

2. Next they articulated the principles that are important to WaterAid in the way it rewards employees:
  - To be fair and non-discriminatory
  - To reflect the local context
  - To be competitive
  - To be simple, flexible and to tailor approaches to their context within a global framework of standards
3. After considerable internal debate a new employment proposition was agreed in which the starting point for establishing pay and benefits across the board is a clear understanding of the job that needs to be done and the skills and experience required to do it so that an appropriate rate for the job can be established which is competitive and relevant to the market. The international/expatriate designation was dropped and all salaries are now benchmarked against the relevant market for the job and it is recognised that that this can include the traditional INGO international market place to enable salary scales that are competitive and attractive. However, terms and conditions are consistent within the location which the post is based.
4. Most appointments are offered on an open ended basis and initial short term relocation support can still be made available if an employee relocates to take up a new post. This can include a relocation service.
5. WaterAid have taken an incremental implementation approach whereby existing staff have been allowed to remain on previous terms and conditions and new employees are offered the new package.

## **Reflections and Lessons Learnt**

### **Challenges**

- Winning hearts and minds. This approach involved a mindset shift for some staff away from a focus on the incumbent, their nationality and circumstances to the requirements of the job and rewarding on the basis of an agreed rate for the job regardless of who the incumbent is and where they are from. Also, that relocation support should only be used in specific situations that warrant it objectively against an agreed set of criteria. WaterAid is still faced with a deeply held mind set, including internally, that some roles are inherently awarded 'international' terms and benefits.
- Pay market research. This is now more complex as WaterAid needs to take into account the specific markets for particular job related skill sets and research these thoroughly. The survey for each location needs to cover the range of roles the organisation has there and the markets from which it recruits, particularly given the prevailing distraction between international and local pay markets.

- Increased pay bill. The driver for this work was not reducing costs but paying the correct rate for the job and WaterAid found that in some locations the pay bill actually increased as the salary needed to be wider to compete across its chosen markets for that location.
- Time. The project started in 2007 and was very much a journey involving detailed debates and discussions to shape the new proposition, and for everyone to understand the thinking. There were some difficult conversations along with way.

## **Benefits**

- Fairness and employee engagement. The approach feels fairer and reflects the organisation's values and principles. There is less feedback about the relativities between 'nationals' and 'expats' enabling us to focus more on reward issues affecting the wider staff.
- The reward strategy is actively supporting talent management within the organisation as international mobility and career development has increased, particularly among national staff.
- WaterAid believes it is now more competitive and attractive to a wider range of qualified staff in the countries where it works so the need to search internationally has reduced. There has been no exodus of staff or failure to attract suitably qualified new recruits

*Conceptually and practically this has been a challenge; as a development organisation it was important that we were able to develop an approach that enabled us to be fair and equitable but ultimately allowed us to recruit the very best people for WaterAid*

- Adam Furse, Head of OD and UKHR, who lead the project.