



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 30 countries worldwide, employing nearly 6,000 staff. NRC's headquarters are in Oslo, Norway.

The organisation operates four regional offices, each supporting five to ten country offices. Middle East region is operated from the regional office in Jordan, and Horn of Africa from the regional office in Kenya. Other two regions – Asia and Europe, and Central and West Africa and South America – are operated from the headquarters in Oslo. Apart from the headquarters, the regional and the country offices, NRC operates smaller representative offices that are responsible for advocacy, fundraising, and representation with key stakeholders. These offices are located in Geneva, Brussels, Addis Ababa, Dubai, and Washington, DC. In addition, NRC's expert deployment capacity – NORCAP – supports other organisations and institutions, particularly the UN, in all stages of a crisis with around 200 NORCAP experts on mission at any time.



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 includes a new grading structure, which is clearer than in the past, though staff are still remunerated based on their country of origin (national or international). All staff are placed on the same job grades if they do the same job, regardless whether they are on national or international contracts. Changes have so far been rolled out in 80% of NRC's offices.

NRC employs around 400 staff on international contracts. The international pay scale is informed by the global pay survey of Birches Group, and the organisation sees itself as being competitive on the international markets. International contracts are usually not longer than two years, and can be normally extended for a further two-year period, thus providing limited opportunities for staying on an international contract in one country for more than four years. The recent developments in global reward strategy and policy have resulted in a new international pay structure and compensation package, rolled out on January 1st 2017, which notably includes reduced allowances for international staff.

The Norwegian Refugee Council's largest group of employees are on national contracts. NRC actively focuses on employing national staff where possible, with a particular focus on increasing the number of national staff in managerial positions. National pay scales are calculated individually for each country, and are informed by Birches Group and other relevant sources of pay market benchmarking data for each country.



PROS AND CONS OF THE EXISTING SALARY SYSTEM

REASONS FOR MOVING TO THIS SYSTEM

The previous reward system in NRC contained inconsistencies, and was not sustainable given the high growth the organisation has experienced in recent years. Furthermore, the international compensation and benefits system was not informed by any relevant pay market benchmarking data. The new system introduces consistency and coherency to the system by introducing clear and transparent scales for staff on national and international contracts. Furthermore, pay is perceived as key for attracting talent, and a transparent system is therefore important for maintaining competitiveness in the international market.

CHALLENGES TO OVERCOME

- ▶ The transfer of staff to a new pay structure requires effective communication, involvement and consultation with staff.
- ▶ In some countries, challenges arise from the different remuneration for staff on national and international contracts who are doing the same job, despite being on the same global pay grade. However, the increased transparency of the new system enables the organisation to be clear and consistent about what the differences are and why.
- ▶ Some international staff reacted negatively to the reduction of their allowances. As a result of consultation, the transition period was extended from nine to 18-months.

Positive aspects of the reward system in place at NRC are:

- ▶ Increased consistency, coherency and transparency in pay and reward
- ▶ Introduction of global pay grades makes jobs comparable throughout the organisation
- ▶ Limited length of international contracts supports the high mobility of international staff
- ▶ A conscious balance between what is affordable for the organisation, and what will maintain competitiveness in the market
- ▶ Positive reactions from country directors and regional HR staff, who see the new system as more consistent, tidy and systematic

Cons of the existing reward system include:

- ▶ Despite the introduction of global pay grades, the new global reward strategy and policy maintains the differentiation between staff on national and international contracts
- ▶ Significant discrepancies between national and international pay in some markets for staff doing the same job.
- ▶ Reduction of allowances for international staff may potentially affect retention and recruitment
- ▶ NRC's approach to international host location income tax remains a challenge to maximise global mobility of NRC's international workforce

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