

CONSULTATIVE GROUP ON INTERNATIONAL AGRICULTURAL RESEARCH

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September 21, 1979

FROM: The Secretariat

Study of Staff Compensation
Practices at International Centers

1. Attached for the information of members of the Consultative Group is a note issued by the Center Directors on the outcome of a study reviewing the staff compensation practices of the international centers. The study was carried out during the latter part of 1978 and early 1979.
2. Dr. Swindale, who was Chairman of the Center Directors when they received and discussed this study, is expected to report briefly on it in his Center Directors' Report, under Agenda Item 13 - Other Business.

Attachment

Distribution:

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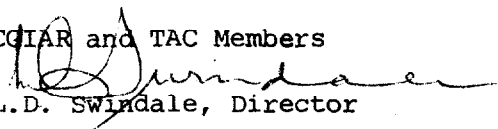
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July 10, 1979

MEMORANDUM

To : CGIAR and TAC Members
From :  L.D. Swindale, Director
Subject : Study of Staff Compensation Practices at International Centers

I am authorised on behalf of the Center Directors to inform you of the following:

1. In mid-1978 the directors of the centers agreed to sponsor a review of center compensation practices, with the help of an outside consultant. The purpose was to provide directors and Trustees with a neutral and confidential judgement on center practices compared to the practices of comparable organizations engaged in international agricultural work.
2. The study has now been completed by Mr. Phillip Thorson, formerly director of administration of the International Monetary Fund.
3. Detailed compensation data of each center remain confidential. However, the directors feel that you may be interested to know the general findings of the study. Accordingly I attach for your information:

Summary of report

Terms of reference of the study

Underlying assumptions

S U M M A R Y

The salaries and benefits which the nine International Agricultural Research Centers provide for their internationally recruited staff members rank generally in the middle of the range compared with what seven governments and international organizations pay to similar personnel working in developing countries. Five of the comparators for the study were the technical assistance agencies, viz. France (ORSTOM), Germany (GTZ), the Netherlands (DTH), the United Kingdom (ODA) and the United States (AID). The two international organizations were FAO and the World Bank. The analysis showed that on average, the Centers' compensation packages for agricultural efforts are noticeably below those of three national services and one international organization. They rank either above or below one governmental service and one international organization depending on the variable of the cost of living supplements which those comparators pay at several center locations as well as the hardship allowances which the governmental agency provides at a number of such places. The centers along with all the other comparator organizations, pay significantly more than the one remaining governmental technical assistance service.

The comparative study was made pursuant to a decision by the directors of the nine centers in June 1978. The terms of reference which the directors established for the study included an examination of the broad principles which should apply for the setting of compensation levels for internationally recruited staff, what organizations should be regarded as 'comparable employers' and how the centers' compensation should be related to market levels. An opinion on the appropriateness of current compensation practices was requested along with recommendations for any changes and whether collective arrangements should be adopted for supplying information on 'market' developments to the directors on a continuing basis. Analyses were also requested on particular problems such as taxation and spouse employment. Finally the terms of reference requested appropriate comparisons between compensatory practices in the nine centers and advice to individual directors on particular adjustments that might be appropriate.

In carrying out the survey, the Consultant made week-long visits to each of the centers as well as shorter visits to all but one of the comparator

organizations. As part of the process about a third of the internationally recruited staff member in each center were interviewed and completed a questionnaire concerning attitudes and opinions.

The Consultant found that no single 'market' existed for agricultural experts of the type the centers need, but rather a series of national markets. Inasmuch as over three-fifths of the present staff come from developed countries, mainly in Europe and North America, he considered that what the five national aid agencies and the two international organizations paid to personnel stationed in the same locations would provide appropriate comparisons. The comparisons made included not only salaries adjusted for taxes but also benefits quantified on the basis of the costs to the employer. Detailed comparisons of total compensation were made for two center locations, Mexico City which is a moderate cost locality, and Nairobi where costs are higher. The effective date was March 1979. No margins were applied in either direction for considerations such as the relative qualities of staffs or the tenure and career prospects available to the experts in the various organizations.

The mixes between salaries and benefits varied considerably among the organizations surveyed. The centers typically were more generous than the other organizations with respect to home leave, personal car assistance and spouse travel allowance. These were more than offset in nearly all cases, however, by large assignment allowances, housing allowance or other benefits paid by the comparator organizations.

The survey also drew some comparisons as between the nine centers themselves. Their average salaries for their internationally recruited staff ranged from about 11 percent above to 9 percent below the mean average for all. While their benefits packages broadly followed a similar pattern, a fair number of variations in individual benefits appeared, most noticeably in the area of housing assistance. The variations in the conditions and cost levels which prevailed in the center locations were sizeable. For that reason and because the IARC system is still relatively young, a certain amount of individuality and room for experimentation in benefits practices would appear to be desirable.

The Consultant recommended that another desirable practice would be for the centers as much as possible to use forms of compensation that are motivating rather than the across-the board ones which all staff members get regardless of performance. In this connection it was interesting that three quarter of the international staff members who answered a questionnaire favoured additional compensation in the form of salaries rather than the benefits, especially because the former gave them greater freedom of choice. The results of the questionnaire were made available to the respective directors.

The completed report included analyses on two special problems of current interest, namely, alternative practices in case some measure of income tax off-setting is decided upon: and some possible adjustments for the impact of the depreciation of the US dollar for the recruitment of staff members from a few countries. Finally, the report outlined some arrangements for supplying information to the directors on developments in compensation levels in the markets in which they compete for personnel.

July 9, 1979

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Attachment I

The Terms of Reference which the Directors established for this study are as follows:

- a. To examine in the light of the roles of the international Centers and their need for internationally recruited staff of the highest calibre at the professional levels, the principles which could be considered by the managements of the Centers in establishing appropriate compensation levels. This should include an examination of the organizations which should be regarded as "comparable employers" for purposes of establishing the market levels for comparison and how Center compensation should be related to market levels;
- b. To examine, similarly, the principles which are the basis for determining compensation levels for locally recruited staff of the requisite quality to fulfill the Centers' objectives, including the relationship to internationally recruited staff, and to staff of similar qualifications working for other employers in the same market area including national agricultural research programs;
- c. To consider the institutional problems relating to expatriation, including the question of taxation, spouse employment, insecurity of tenure, etc.;
- d. To consider whether the international Centers should adopt any collective arrangements for determining "market" salary levels for professional staff of the requisite quality, and if so, how this could be done on a continuing basis;
- e. To review the methods, practices and policies of compensation for each Center in comparison with other Centers (including the present arrangements with IIE) and advise the Center Directors of any adjustments which could improve the management, effectiveness and efficiency of staff compensation;
- f. In the light of conclusions reached on the above, to examine current levels of compensation and the principles underlying them, and practices and procedures regarding the setting of compensation, to offer an opinion on their appropriateness and recommend to the Centers changes as necessary.

*This element was discussed in the Interim Report and is not treated further here.

Underlying Assumptions for Study

- a. The Centers are basically public sector rather than private sector enterprises and should be compared principally with international and governmental organizations and foundations rather than with profit-oriented corporate enterprises.
- b. They are international rather than national in purpose, attitude and makeup; they benefit in technical capacity, outlook and credibility from having staffs that are geographically well diversified.
- c. As a group, or "system," they have weathered the uncertainties of their starting up period and are solidly established. Their objective is regarded as an important one by significant donors, so the prospects are good that they will be in business and possibly even expanding somewhat for many years to come.
- d. The international personnel the Centers rely on are basically not short term in-and-outers but professionals who are expected to devote a significant number of years, or even a career to a Center or the System. The kind of work they do is mainly that of bench scientists and supervising scientists at the cutting edge of research with important side aspects of education and of coordination with other experts working in the same fields. They are essentially hands-on operators rather than project assessors or reviewers.
- e. The small sizes of the international staffs at each Center, combined with their roles at the cutting edges of scientific advances, make it important that staff members not only be of high quality but have a high degree of commitment to their work and the goals of the Centers.
- f. From a professional point of view the Centers are rather attractive places for individuals to work in terms of professional status, the facilities and backup they provide for research, their progressive outlooks, and the competent co-workers to be found there.