Local-National Pay Governance Survey

A study for Industrial Relations Counselors, Inc. conducted by ORC Worldwide

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ORC WORLDWIDE®

IRC Industrial Relations Counselors, Inc.

Contents

1: Introduction

In the current economic environment, pay governance processes are undergoing a change. Tighter fiscal control and more-limited compensation budgets are forcing HQ to increase its oversight, if not the outright control of local pay practices. However, there is no clear understanding of the specific local-national pay management approaches currently employed across an array of companies and industries or how they are changing. Clarity is also lacking around which approaches are more successful or if, in fact, the effectiveness of any individual approach correlates to an organization's size or geographic scope. Further, is a company's pay governance practice tied to its operating model? While there may be a presumed correlation between the extent an organization is globally integrated and the degree to which there is HQ pay governance, we do not have sufficient evidence demonstrating it to be true.

The goal of the study on Local-National Pay Governance that ORC Worldwide conducted for Industrial Relations Counselors, Inc. was to understand the current practices of international organizations with respect to decisions and processes for managing pay outside of the headquarters country. The study also sought greater understanding of how these practices may be changing.

In particular, the study looked at the policies and practices of multinationals to:

- Verify the standardized models of local-national pay management to define the prevailing practices that occur along the spectrum.
- Assess whether there is an appetite for organizations to increase its governance of the local-national pay review process and, if so, identify the causes of this desire.
- Where change may have already occurred in some organizations, gain insight into the role that communication played in the effectiveness or limitations of the change process.
- Explore the degree to which technology tools (i.e., compensation management systems) can facilitate the governance process.
- Identify whether or not there is a correlation between approaches used and the size, breadth and relative maturity of the companies that employ them.

Methodology

An online survey was conducted to obtain the qualitative and quantitative data needed. The survey was conducted using ORC's DynaSurv® web-based survey technology during the months of May and June 2010.

Participants

The following 26 companies participated in the survey:

Alcoa

Alcon Laboratories, Inc.

Boehringer Ingelheim USA Corp.

British American Tobacco

BT

Bunzl plc

C.R. Bard, Inc.

Church & Dwight

Constellation Brands, Inc.

Dell, Inc.

Fujifilm Sericol

Hollister Incorporated

Johnson Controls

Kraft Foods Inc.

Krispy Kreme

Lowe's Companies, Inc.

Mars

Nokia

PNC Financial Services Group

Procter & Gamble Company

Qualcomm

S.C. Johnson & Sons

Shell Oil

SouthCo, Inc.

Urban Sciences Applications, Inc.

Verizon

2: Executive Summary

Compensation Governance Issues

Multinational organizations employ a wide variety of pay practices with respect to setting and managing local-national compensation levels. In the past, there has been little research into the actual practices employed by different types of organizations and thus very few reference points for organizations to use when externally benchmarking their own procedures. In addition to gaining a clear understanding of the specific local-national pay management approaches currently employed, this study aims to further the understanding of how the approaches are changing.

The Study's Findings

The study investigated the perception that companies had increased local-national pay governance controls in response to increased regulatory control and challenging economic environments. The findings are based on comparisons of input obtained from a wide variety of organizations with headquarters in several different countries and they largely confirmed the preconceptions:

- Over the past two years, 61% of participating companies took steps to either tighten-up or increase its governance practices
- Within the next two years, 54% of companies anticipate implementing increases in pay governance

Further, the study revealed interesting governance trends:

- Technology is an enabler of increased governance. The spread of enterprise tools for managing compensation activity has made significant contributions to enhanced pay governance.
- By their nature, smaller companies appear to have structures that facilitate more-centralized pay decisions and, therefore, they appear to require fewer increases in governance than other-sized organizations.
- Larger companies, on the other hand, tend to be more complicated and geographically dispersed. Because of their scale and an inherent need to impose greater control, they have been at the forefront of instituting greater governance. More often and perhaps more easily, large companies have justified the financial investment in dedicated compensation management systems and have leveraged these tools to increase centralized control.
- Medium-sized organizations have not been as focused on governance in the past. However, there are clear indications that they will pay more attention over the next two years. Many of these companies are now making the investment in new enterprise technology to help manage pay practices while also increasing governance controls.

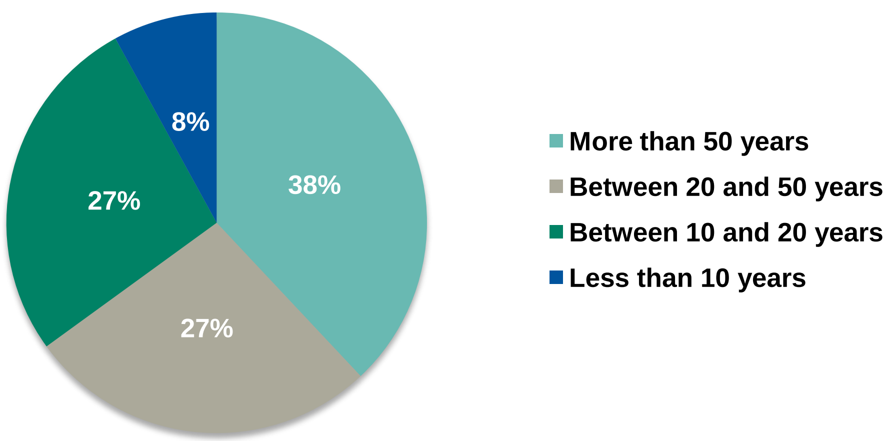
3: Study Results

Organizational Profiles

ORC studied the local-national practices of a wide array of organizations representing a number of different industries. The majority of the participating companies are headquartered in the U.S. (73%), while 27% are based in Europe. The companies range in size from 500 to 240,000 employees (average size 61,777, median size 49,000) and operate in two to 190 countries (average countries 47, median countries 32). The participating companies also represent different levels of international experience:

- 38% for more than 50 years
- 27% for between 20 and 50 years
- 27% for between 10 and 20 years
- 8% for less than 10 years

Chart 1: Years of international operations

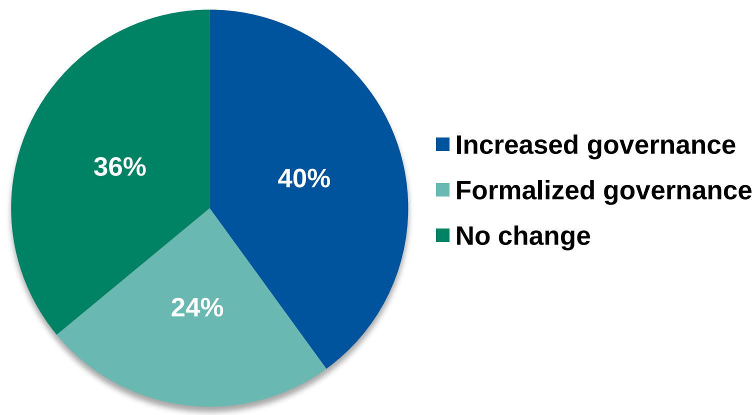


All responding to the survey on behalf of their respective companies were responsible for compensation with 81% having global oversight for pay practices while 19% have either a regional or local remit for compensation management within their companies. These professionals are responsible for looking after employee populations ranging from ten to 140,000 individuals, which represent either all or segments of their corporations.

Looking Back

Most of the participating organizations reported that they have taken action to either formalize or increase their pay governance practices within the past two years.

Chart 2: Pay governance changes within the past 2 years



Key Points

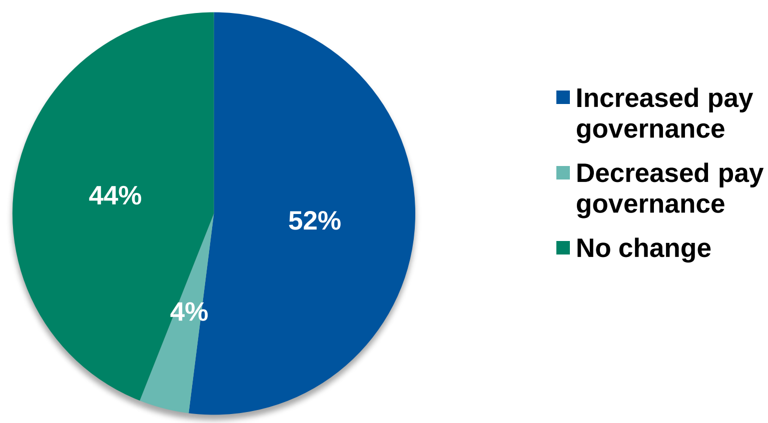
- Within the past two years, more than 60% of the participating organizations have made a decision to establish formalized governance practices or to increase their governance of local-national pay decisions.
- No companies reported a decrease in their governance practices.
- U.S. companies increased or formalized their governance practices more often than European companies within this time frame: 63% of U.S.-based companies did so compared with 57% of those headquartered in Europe.
- Very large companies, either in scale, reach, or revenue were most likely to have made changes to their governance practices:
  - 75% of those with more than 75,000 employees increased governance
  - All participating companies having more than 75% of their employees working outside the headquarters country either formalized (67%) or increased (33%) governance practices
  - 50% of companies with revenue is excess of $5b increased their governance practices while a further 17% formalized their existing framework
  - 80% of companies operating in over 90 countries made changes with this group evenly split between the formalizers and the increasers of governance

- Across a variety of measures, midsized companies appear to have been less active in compensation governance than either small, large or very large organizations:
  - Medium Revenue ($250 million–$1 billion revenue) – 75% made no governance changes versus 32% of all other companies
  - Medium number of non-HQ country employees (26%–50% working outside HQ) – 50% made no changes versus 35% of all other companies
  - Medium-sized international footprint (11–50 countries of operation) – 63% made no changes versus 33% of all other companies
- Companies that have operated internationally for more than 50 years were more likely to have reviewed their pay practices. Only 20% of these organizations reported that they had made no changes.
- Reporting line structures seem to directly influence the focus on pay governance:
  - "Organizational Control" structure – Of companies with no local or regional compensation function, 20% increased governance
  - "Organizational Oversight" structure – Of companies where regional or local compensation functions report directly or indirectly into the corporate center, 40% increased governance
  - "Organizational Disconnect" structure – Of companies where local or regional compensation functions do not report in the corporate center, 60% increased governance

Looking Forward

The trend of increased governance will continue into the next two years, according to the study participants. When asked about their expectations, 52% reported there would be increases in governance. However, a small percentage of the participants expect to see a decrease in governance practices.

Chart 3: Anticipated pay governance changes over the next 2 years



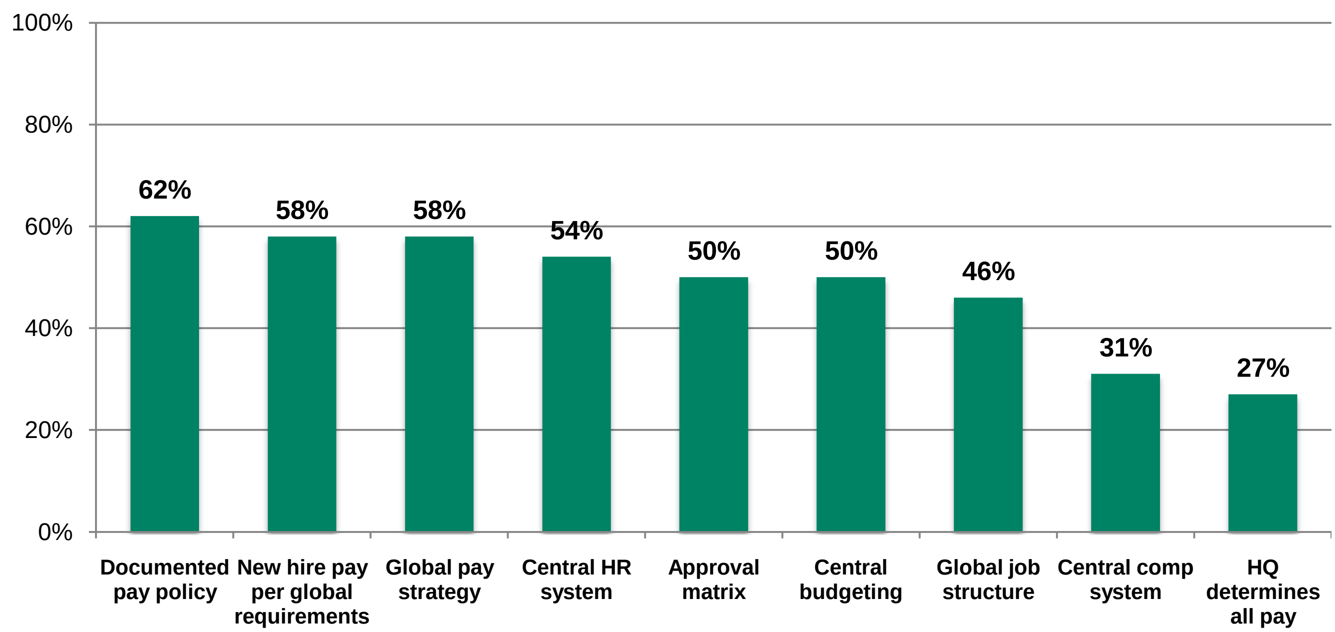
Key Points

- Within the companies that had already increased its governance practices, 60% expect to introduce further governance controls. Of those that that formalized their existing practices or made no changes, 50% anticipate increasing governance.
- U.S. companies expect to adopt greater pay governance (68% project that they will), whereas only 29% of European companies anticipate an increase in controls.
- While they were much more likely to have adopted increased governance within the past two years, very large companies appear to be slowing the adoption of increased controls:
  - 63% very large employers (75,000+ employees) indicate they do not expect further changes
  - 67% of employers with a very large percentage (75%+) of employees outside the HQ country expect no further changes
  - Of the companies operating in over 90 countries, 60% expect no changes or think they will begin to reduce their pay governance practices over the next two years
  - The one anomaly to this pattern is within the very large revenue companies (over $5 billion) – 55% of these companies expect that they will increase governance
- Bucking the trend of the previous two years, medium-sized companies will begin to increase their controls:
  - Medium-sized international footprint (11–50 countries of operation) – 57% foresee increases
  - Medium number of non-HQ country employees (26% – 50% working outside HQ) – 80% anticipate making changes
  - Again, the revenue measure is anomalous as only 25% of medium revenue companies ($250million–$1 billion) reported an expected increase in governance
- Companies with more international experience will continue to make more changes than those which have less. 65% of companies operating internationally for over 20 years expect to increase pay governance while only 33% with less experience anticipate doing so.
- Reporting line differences also create clear patterns of anticipated governance change. 80% of companies where the local or regional compensation professionals do not have a reporting relationship with the global head of compensation foresee increases in governance compared to the 40% that do.

Operational Aspects of Pay Governance – Practices and Controls

Companies rely on a wide array of governance structures and practices. Most commonly, 62% of study participants indicated their companies employ a documented pay policy that specifies process and procedures. This is followed by the use of established requirements for setting pay levels for new hires (58% of companies do this) and operating a global pay strategy (also 58%). No company reported it does nothing to manage the governance of compensation.

Chart 4: Pay policies and controls

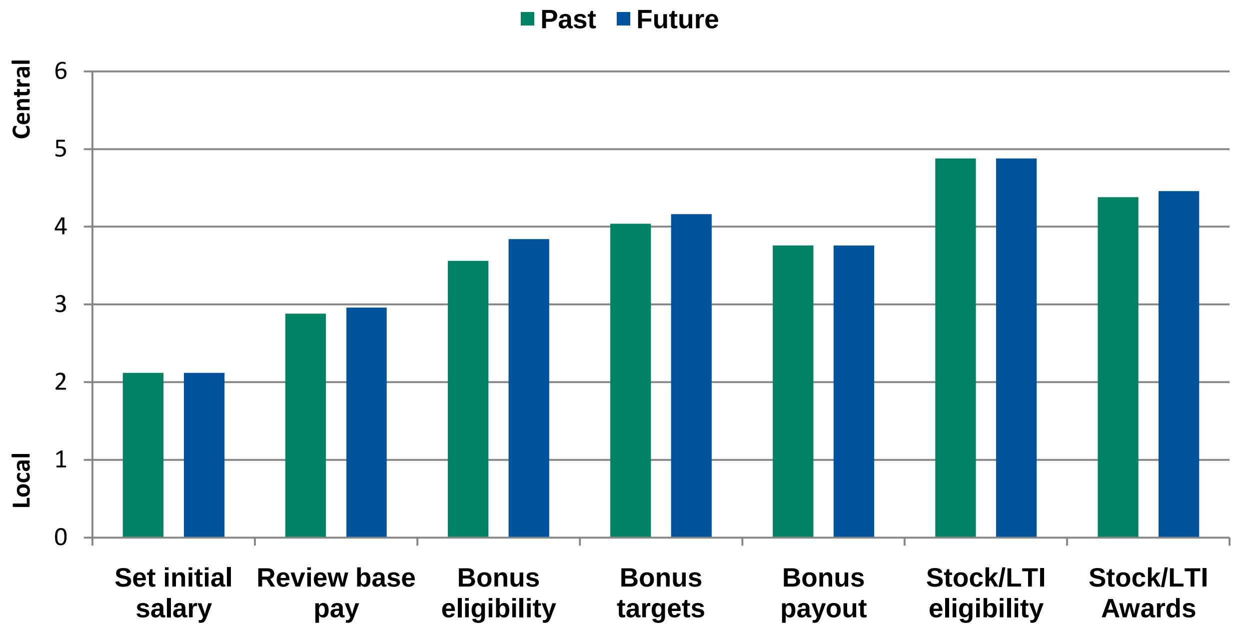


Local versus Central Compensation Decisions

Among a variety of compensation activities presented to them, participants indicated the degree to which action was determined within the local markets versus in the corporate center. The most centralized activity relates to making decisions on which employees are eligible for stock awards or other long-term incentives. Determining the value of these awards was only slightly less centralized. Perhaps because it is frequently subjected to globally established requirements (as reported above in Practices and Controls), the least centralized activity is decision making about setting the initial salary level of local employees.

Despite large numbers of corporations reporting that they expected governance to increase in the future, these increases don't seem focused on increasing the centralized decision making around any specific activities. Slight increases in the centralization of decisions around bonus eligibility and targets, base pay reviews and LTI awards are anticipated.

Chart 5: Local versus central decision making



Financial Performance and Governance

Past economic performance does not appear to be a reliable predictor of whether a company is likely to increase its pay governance. Companies that performed better or worse in 2009 compared to 2008 are no more likely to make governance changes in the future. Companies that declared the same financial performance over these two years is the only group to indicate an anticipated increase in controls.

- Of companies that performed worse in 2009, 43% had increased governance within the past two years and 43% expected to increase in the next two years (no change).
- Of companies that performed the same in 2009, 33% had increased governance in the past while 66% anticipated increases in the future (+100%).
- Finally, 42% of those that fared better in 2009 had increased controls in the past while 42% also expected increases in the future (no change).

On the other hand, anticipated financial performance may be a more helpful indicator of anticipated governance increases.

- Of companies that expect to perform worse in 2010 than they did in 2009, 100% anticipate increasing governance controls.
- Of companies expecting to perform the same in 2010, 63% expect an increase in governance.
- Of companies that anticipate better performance in 2010, 47% expect an increase in governance.

Technology as an Enabler of Compliance

Many organizations use technology to help them to globally manage their compensation programs. These systems facilitate the enterprise-wide integration of pay and reward programs, support a common approach, and provide clear visibility of practices and decisions around the world. Whether or not a company has an information technology system for managing compensation processes appears to be a meaningful influence on its need for additional governance. Within the past two years, only 29% of companies that operate compensation IT systems increased their pay governance. However, 50% of those without this technology increased their controls. More significantly, 58% of organizations without a compensation tool expected to increase their controls in the future compared to only 43% of compensation system enabled companies.

Of the companies with a compensation system, 93% indicated the system facilitates greater headquarters control over compensation decisions. Of those without a system, 42% indicated they were in the process of installing a compensation system or planned to do so in the near future and systems are expected to be a primary means of increasing governance.

Communicating Change

Participants who either had made a change or had formalized existing compensation governance controls were asked whether or not they had established a communication plan for introducing the new information to their organizations. 56% did and, of this number, 89% indicated the communication plan was effective (67%) or somewhat effective (22%). In contrast, 71% of companies that did not employ a communication plan indicated the implementation went well (57%) or somewhat well (14%). These numbers suggest that the introduction of formal governance standards can be at least 25% more effective if a formal communication plan is established.

Summing Up

Scale, structure and technology have clearly influenced pay governance practices. The reporting relationship of regional or local compensation practitioners to the global head of compensation strongly influences the appetite for governance changes. Larger and broader organizations were earlier adopters of increased governance, perhaps because of their more complex nature they have been more-needy of greater governance practices. By and large, these companies have effectively achieved the desired level of control as most do not foresee further increases. However, emerging companies are now more focused on how they manage local-national pay decisions than they have been in the past and are looking at ways to gain greater control. Technology is at the forefront of this effort. While many companies are already relying on technology to provide greater control, many companies are now in the process of adopting technological solutions and, once in place, expect it to enhance the centralized oversight and control of pay.

4: Question-by-Question Analysis

Reviewing the Survey

In the data tables that display survey results, the term "**N**" refers to the number of respondents that answered each question. Because every question does not pertain to every company, and every company did not answer every question, the "**N**" varies from question to question. Where dollar values or percentages are specified in a response, average and median values are reported only if three or more companies provided data; if fewer companies responded, the term "**ID**" is used to denote insufficient data for reporting these values. All the percentages are rounded off to the nearest first decimal, so the total for each question may not equal precisely 100 percent.

Company Details

A. Which of the following industrial classification best describes your company's principal operations?

Number of respondents (N=)	26
Consumer products manufacturing	26.9%
Telecommunications	15.4
All other manufacturing	7.7
Pharmaceuticals or healthcare	7.7
Medical devices	7.7
Retail or wholesale	7.7
Chemicals, rubber, plastics or related	3.8
Banking, financial services or insurance	3.8
Consulting	3.8
Computer hardware/software and related business	3.8
Transportation (air, land, sea) or distribution	3.8
Oil or gas	3.8
Other	3.8

B. Please specify the location of your headquarters:

Region

Number of respondents (N=)	26
Americas	73.1%
Europe	26.9
Africa	0.0
Asia, Australia, New Zealand	0.0
Middle East	0.0

Country

Number of respondents (N=)	26
United States	73.1%
United Kingdom	15.5
Netherlands	3.8
Germany	3.8
Finland	3.8

C. What is your geographic focus?

Number of respondents (N=)	26
Global	80.8%
Regional	15.4
Local	3.8

Regional Focus

Number of respondents (N=)	5
Americas	80.0%
Australia/New Zealand	60.0
Europe	60.0
Asia	20.0
Middle East	20.0
Africa	20.0

D. What is your business focus?

Number of respondents (N=)	26
Corporate or HQ	80.8%
Business Unit, Operational Group, or Subsidiary	19.2

E. In how many countries does your company have offices?

Number of respondents (N=)	26
Average	50.6
Median	32.5

F. For how many years has your company operated with international offices?

Number of respondents (N=)	26
Less than 10 years	7.7%
Between 10 and 20 years	26.9
Between 20 and 50 years	26.9
More than 50 years	38.5
Not applicable	0.0

G. How many employees does your company have worldwide? (Expressed as FTEs)

Number of respondents (N=)	26
Average	61,777
Median	49,000

H. Approximately what percentage of your employees work outside your headquarters country?

Number of respondents (N=)	25
Average	49
Median	55

I. Approximately how many full-time employees fall within your area of compensation responsibility?

Number of respondents (N=)	26
Average FTEs	31,113
Median FTEs	11,000

J. What was your company's annual revenue for 2009?

Number of respondents (N=)	26
Small (less than USD250/EUR185M)	3.8%
Medium (USD250M-999M/EUR 185M-750M)	15.4
Large (USD1B-5B/EUR750M-3.7B)	11.5
Very Large (More than USD5B/More than EUR3.7B)	69.2

K. Which of the following statements best represents your company's financial performance in 2009?

Number of respondents (N=)	26
2009 results were better than 2008	46.2%
2009 results were worse than 2009	26.9
2009 results were effectively the same as 2008	23.1
N/A or unknown	3.8

L. Which of the following statements best represents your company's financial projections for 2010?

Number of respondents (N=)	26
2010 results are projected to be better than 2009	57.7%
2010 results are projected to be effectively the same as 2009	30.8
2010 results are projected to be worse than 2009	3.8
N/A or unknown	7.7

Compensation Governance Procedures

A. How is pay review governance managed in your organization? *(More than one answer could be selected.)*

Number of respondents (N=)	26
Documented pay policy specifies process and procedures	61.5%
New hire pay levels are set according to globally established requirements	57.7
Operate a Global Pay Strategy	57.7
Operate central HR info system that requires submitting compensation info into a single database	53.8
Operate an approval matrix dictating which roles can approve compensation changes with corresponding limits and escalation points	50.0
Central budgeting of local salary increase pools	50.0
Operate a Global Job Structure	46.2
Operate central compensation management system that is used to coordinate regular salary reviews	30.8
HQ determines all local management role pay increases down to a defined level	26.9
No coordinated company-wide governance of compensation	0.0
Other	3.8

Other responses included:

- More regional budgeting of local increase pools.
- OUS is a manual process via Excel and submitted to corporate for input into PeopleSoft database.
- Salary increase pools set locally but approved centrally. Senior managers pay increases managed centrally with provision of salary survey data, increases proposed by local management and approved centrally.

B. Does your company have an articulated strategy for managing compensation on a global basis?

Number of respondents (N=)	26
Yes	76.9%
No	23.1

Key features of strategies included:

- Although the company has an international presence, the business is local and we have little movement of staff across borders. Hence, remuneration structures are locally based. The exception is senior management bonus structure and targets and share-based compensation, which are coordinated from the HQ.
- Base Pay + Variable Pay = approximately 75th percentile Regional Compensation. Managers monitor local market and make recommendations within each region. Corporate Compensation supports each region and assists with unique positions.
- Compensation for all senior leaders through the company is managed by the Executive Compensation department. General management compensation policy is determined by the Corporate Compensation department, but each line of business has the autonomy to administer their general management compensation for their respective business.
- Compensation Framework for certain target group, i.e., top-level executives which defines: - Compensation elements and total reward approach - General salary review guidance - Market positioning - Basic requirements for salary surveys.
- Consistent global positioning to market (e.g., median, 75th) with consistent global meritocracy.
- Externally competitive, internally fair, flexible and cost-effective.
- Global philosophy is performance based, total cash comp, compa-ratio.
- HQ will set base pay strategy, which will be implemented locally. HQ will manage bonus programs for Management in all countries with local HR support. HQ will manage the equity program for all participants globally.
- Locally competitive, support recruitment & retention, enabling us to be top-tier company.

- Market-driven (target median). Goal is to have all nonproduction/distribution on single global performance management/compensation program.
- Pay structures are developed within a country or region and reviewed by corporate. Salary increase budgets are determined locally. Guidelines (based on performance ratings) for distributing merit budgets and allocating short-term and long-term incentive budgets are set by corporate. Eligibility for short-term incentives is set locally (with review by corporate). Eligibility for long-term incentives is set globally by corporate.
- Philosophy of compensation is to provide above-average compensation for above-average employees who provide above-average results. 1. Achieve a performance-driven work culture consistent with VMS521 Vision, Mission and People Enterprise Strategy. 2. Target cash compensation at the 75th percentile for top people. 3. Adhere to sound compensation principles in administering the program, with emphasis on legal compliance, internal equity, external competitiveness, with ease in understanding of the program structure and fiscal responsibility. Compensation consists of base salary and incentive pay. Mix will depend on position level of responsibility and office. In general, the higher the position level, the greater the percentage of incentive pays relative to total cash compensation.
- Same benchmarking (75%ile) for all job positions; same approach to STI and LTI,
- Staying market competitive on a total cash or total reward basis, which means at the upper quartile level – all subject to company affordability.

C. If your company does not have such an articulated strategy or you are unable to provide information about it, in your judgment, which of the following possible models most closely reflects your company's strategy? *(More than one answer could be selected.)*

Number of respondents (N=)	14
HQ provides the pay process framework and budget to be implemented by local offices	64.3%
HQ stipulates and monitors standardized processes that are executed by local offices	35.7
HQ centrally conducts the review of all management jobs	14.3
HQ provides arms-length oversight and conveys, for example, a company-wide pay philosophy	7.1
HQ provides budget oversight at a gross level but local offices make all local pay decisions	7.1
HQ is disengaged while local offices act autonomously and in isolation	0.0

D. On a scale of 1 to 5, where 1 represents locally-made decisions and 5 represents centrally-made decisions, please rate how each of the following compensation decisions are made now and within the next 2 years.

	Present Practice						Anticipated Future Practice					
	N	1	2	3	4	5	N	1	2	3	4	5
Setting of Initial Salary Level	**25**	48.0%	20.0%	16.0%	4.0%	12.0%	**25**	48.0%	20.0%	16.0%	4.0%	12.0%
Annual Review of Base Pay	**25**	24.0	16.0	28.0	12.0	20.0	**25**	24.0	8.0	36.0	12.0	20.0
Bonus Eligibility	**25**	12.0	4.0	32.0	20.0	32.0	**25**	8.0	0.0	28.0	28.0	36.0
Bonus Targets	**25**	8.0	0.0	24.0	16.0	52.0	**25**	4.0	0.0	24.0	20.0	52.0
Bonus Payout	**25**	8.0	4.0	32.0	16.0	40.0	**25**	8.0	4.0	32.0	16.0	40.0
Stock and other LTI Eligibility	**26**	0.0	0.0	3.8	3.8	92.3	**26**	0.0	0.0	3.8	3.8	92.3
Stock and other LTI Awards	**26**	3.8	0.0	15.4	15.4	65.4	**26**	3.8	0.0	11.5	15.4	69.2

Operational Aspects of Pay Governance

A. Which of the following best describes your company's organizational reporting structure?

Number of respondents (N=)	24
The regional or local compensation functions (whether performed by HR or a compensation specialist) have a reporting line to the central company-wide head of compensation	54.2%
Regional/local comp positions report directly into a company- wide head of comp	46.7
Regional/local comp positions report indirectly into a company- wide head of comp and the reporting relationship dictates or influences the comp decision process	53.3
The regional or local compensation functions (whether performed by HR or a compensation specialist) do not have a reporting line into the central company-wide head of compensation	20.8
There is no regional or local compensation function	20.8
There is no central company-wide compensation function	4.2

B. Does your company operate a central information system for managing compensation?

Number of respondents (N=)	26
Yes	53.8%
The system facilitates greater headquarters control over compensation decisions	92.9
The system enables local autonomy over compensation decisions	28.6
No	46.2

C. Within the last two years, has your company changed the way compensation decisions are governed?

Number of respondents (N=)	25
Yes, increased central governance over local pay practices	40.0%
Yes, formalized existing governance structure (e.g., implemented formal policy that documented existing practice)	24.0
Yes, decreased pay guidance	0.0
Yes, other	0.0
No	36.0

D. If change has occurred in your company's pay governance structure, was an established communication plan implemented to convey the change?

Number of respondents (N=)	15
Yes, a communication plan was in place	60.0%
Very effective	0.0%
Effective	66.7
Somewhat effective	22.2
Not effective	11.1
No, there was not a communication plan in place	40.0
Plan implemented very well	0.0%
Plan implemented well	57.1
Plan implemented somewhat well	14.3
Plan not implemented well	14.3
Unknown	14.3

E. Within the next two years, does your company intend to make any changes to pay governance?

Number of respondents (N=)	25
Yes, increased pay governance	52.0%
Yes, decreased pay governance	4.0
No	44.0

Explanations of increased pay governance included:

- As a result of reorganization, pay will be more regionally governed.
- Based on implementation of a global, online performance management/compensation tool, we are expanding our PM program globally, providing greater upstream visibility and, consequently, governance.
- Better governance over plant compensation systems.
- Clarifying roles and responsibilities, going for one approach which will be clearly communicated.
- Continue to determine the appropriate balance between centralized philosophy and oversight, while providing local organizations the latitude to make decisions that make sense locally.
- Greater focus on benefits/insurances.
- Implement a centralized HRIS tool to support further centralized compensation governance.

- Implementing a global compensation management system to give HQ more oversight and visibility.
- Intend to implement a Global HRIS system that allows for online management of compensation.
- Moving to global HRIS system which will allow expanded opportunity for governance.
- Only with respect to adherence to any federal laws relative to executive compensation.
- We are in the process of creating a more centralized processing and reporting of all employee compensation administration.
- We will be deploying a central information system for managing compensation.

F. In your opinion which of the following does your company need?

Number of respondents (N=)	26
More centralized pay governance	42.3%
Less centralized pay governance	7.7
No change in pay governance	50.0

5: About Industrial Relations Counselors, Inc.

Industrial Relations Counselors, Inc. (IRC) is a not-for-profit research and educational organization specializing in human resources in management. Incorporated in 1926 through the efforts of John D. Rockefeller, Jr., IRC was the first research organization in its field. IRC continues to be dedicated to its original objective: "To advance the knowledge and practice of human relationships in industry, commerce, education, and government." IRC's work has been guided over these 80-plus years by a board of trustees comprising distinguished leaders of American industry.

IRC became an exemplar of the progressive management view that labor and management, while adversaries, had common interests and that it was the task of the industrial relations function to seek ways to establish this unity of interests. From its inception, IRC has conducted innovative research and produced publications that have broken new ground in the employee relations field. In the 1930s, legislators drew on IRC expertise concerning pension systems and European experience with unemployment insurance in the establishment of the federal social security system and the design of unemployment insurance in the United States. IRC was also deeply involved in advancing the interests of progressive employers in the formation of national labor policy.

Between 1927 and 1932 IRC was the official representative of American business to the International Labour Office in Geneva, and conducted research there on employment issues in several European countries. IRC research has also dealt with all aspects of collective bargaining policy, remedies in emergency disputes, executive retirement, and job evaluation. For many years IRC's own management development and education courses broadened the expertise of human resources professionals and increased line managers' understanding of employee relations issues. Periodic IRC symposia bring together business leaders and academic researchers to review HR topics of mutual importance.

6: About ORC Worldwide

ORC Worldwide is a global management consulting firm offering professional assistance in the areas of human resources, compensation, and organization management. ORC delivers practical insight to our clients through expert, customized consulting; superior data and information; and unique opportunities to network with professional peers. ORC has provided clients with leadership and guidance in addressing senior-level human resources and organizational issues; compensation (expatriate, in-country, and worldwide); occupational health and safety and environmental matters; diversity and equality; and labor and employee relations.

ORC is headquartered in New York, with offices and representatives in Chicago, Dallas, Los Angeles, London, Melbourne, Munich, Paris, Sacramento, San Francisco, Singapore, Tokyo, Washington, D.C., and Wellington, NZ.

ORC provides services across a wide range of human resources areas. From global compensation structure and management to the specifics of expatriate pay practices, ORC offers a complete range of expatriate and local-national compensation-related consulting services, location-specific information, and solid, survey-based comparative data to help clients achieve their business objectives. While maintaining the world's largest private database on expatriate policies and compensation practices, used by more than 2,000 major organizations around the world, ORC guides the design, implementation, assessment, and updating of international compensation policies.

The scope of this work includes attitude surveys of international assignees, development of innovative compensation systems, strategies for transferring employees from expatriate to local status, and training programs and briefings for staff on administering international human resources programs. ORC develops customized surveys that highlight common practices and assess the competitiveness of policies and practices for expatriates and local nationals.

We have also assisted many companies over the years through our consulting work, including benchmarking studies, program reviews, providing program recommendations, surveys of expatriate and management opinions, and communications.

ORC has been in business for more than 50 years and has grown and prospered by offering relevant and creative solutions to clients. We have adapted our services to changing circumstances through a culture that encourages flexibility and individual initiative.