12.2.5 GLOBAL COMPENSATION OF STAFF EMPLOYEES

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Global hiring requires a variety of approaches to compensation. Stanford practices a total reward strategy to attract, reward, motivate and retain the best possible talent, while taking into account market conditions in the country of hire, programmatic need and budgetary considerations.

Authority:
Approved by the Vice President for Human Resources

1. Base Salary

Base salaries paid to staff hired in-country should be based on market conditions in each country of work. The salary should be expressed as a gross figure in each country’s currency. Compensation analysis can be provided by Global HR Programs. US salary ranges are not applicable in other countries. Global HR Programs will assist in providing comparable salary data, where available.

2. Periodic Merit Salary Review

Annual review of salary should be adhered to in all countries where the University or its affiliates conduct operations. In locations where significant inflation or currency fluctuations are an issue, more frequent salary reviews may be necessary.

3. Performance Review

An annual review of each staff member’s performance should provide summary feedback, recognize strong performers and identify progress toward goals. Salary increases and promotional opportunities are based on the performance review process as followed in each school, department or unit, if in compliance with laws in the country of work.

4. Other Cash Compensation
Compensation elements in countries outside of the US may follow patterns unique to that country's culture and/or tax code. In addition to customary base salary as described above, other forms of cash compensation need to be reviewed to assure that University policy as well as regulations and customs of the country of work are followed.

- **Variable/bonus pay**
  The University supports the concept of providing additional incentive pay (variable pay, bonus pay) to promote exceptional performance. Funds for such bonus or incentive pay may be made available by schools or departments at their discretion. Bonus awards should be considered if in keeping with practice in the country of work.

- **Currency Exchange Rates/Fluctuations**
  The exchange rate used for any payments should be noted on all documents (offer letter, HR records, payroll documentation) relating to the staff member salary, premium and allowances payments. The rate should be fixed and remain in effect until the staff member’s next salary review, unless currency fluctuations (greater than 10%) occur that will necessitate an earlier currency adjustment. It is the responsibility of management to assure adherence to any exchange control regulations that exist at the global location, along with all other required University financial controls and reporting requirements. Global Business Services is available for support.