

The **Watson Wyatt** multinational survey

Unlocking the value of a global model.

In Spring 2002, Watson Wyatt conducted an in-depth survey into the global pension management practices of 42 multinational companies in 12 countries. These multinational companies were responsible for 1,877 international pension plans, which had assets of US\$488 billion as at 31 December 2001. We believe the size of the response makes this one of the most authoritative and comprehensive surveys of multinational pension investment arrangements ever conducted.

Our survey offers four main insights:

- most multinationals now have some sort of global governance

process in place, though North American multinationals are well ahead of those based elsewhere

- current practice is best described as 'monitor and influence' from headquarters, though some multinationals include local decision makers in a global process

- preferred provider arrangements (relating to investment management, consultant, actuarial and custodian services) are fairly common among multinationals, with North American companies again far in the lead.

"Centralisation is very much driven from North America."

- multinationals seem to influence the asset allocation decision globally in that their subsidiaries often adopt policies that are very different from local market norms

The results of our survey suggest a journey towards centralised governance for multinationals, but it is a difficult journey, with less than 15% of respondents believing that they are centralised. However, we believe that centralised decision making can bring substantial payoffs for multinationals, as the next article explains.

For a complete copy of the Watson Wyatt multinational survey, please contact Deborah MacLeod on +44 (0) 1737 241144 or at deborah.macleod@eu.watsonwyatt.com

Global governance model - Spring 2002

