

Society for Industrial and Organisational Psychology (SIOPSA)

SIOPSA Panel Discussion : Making Sense of Earnings Data for Medico Legal Reports

Friday 05 June 2020

Presentation on Available Earnings Data and Application

PECS/WTW Survey Experience

PECS have been producing remuneration surveys since 1979

South African Surveys:

- National Top Executive Survey
- National General Staff Survey
- Information Technology Survey
- LMO (Graded) Executive Planning Report
- JSE Listed Companies Surveys – Executive and Non-Executive Earnings
- Industry Sector Surveys

African Country and Regional Surveys:

Customised Surveys:

WTW produce a range of global in-country (national), and industry sector surveys in over 112 countries.

This includes the Global 50 – a comparison of salary data by grade, key economic and remuneration/hr trend policy trends in the world's top 50 economies.

The Survey Process

Secure Participation

- Survey participation can range between 15 and 900 organisations depending on scope.
- National survey sample (lines of data.) represents statistically valid sample of SA formal sector workforce.

Questionnaire Design

- Scope of salary and benefits data to be collected.
- Prepare input pack.

Data Collection

- Completed input pack (policies, employment conditions, etc.).
- Payroll download, spreadsheets (remuneration data).

Data Vetting/Editing

- Edit parameters/exception reports (anomalies).
- Minimum sample size requirements.

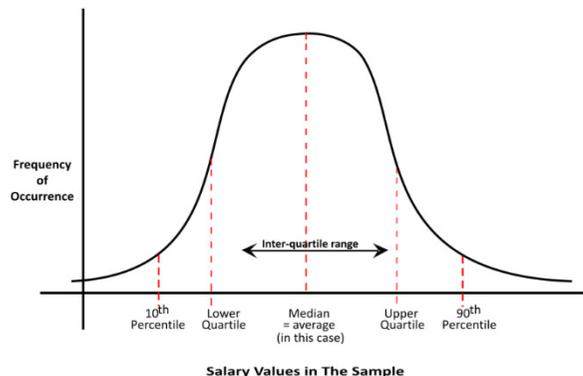
Data Analysis/Processing

→ **Standard survey table format/presentation**

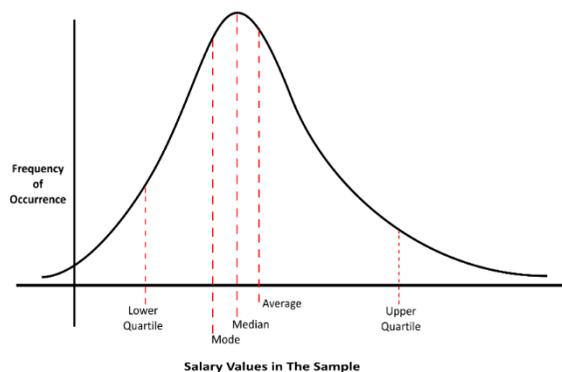
Salary Distributions

Quartiles and Percentiles

(i) Normally Distributed Data



(ii) Skewed Distribution



Median Value : 50% of sample earn more and 50% earn less than this value

75th Percentile (Upper Quartile) : 25% of sample earn more and 75% earn less than this value

25th Percentile (Lower Quartile) : 75% of sample earn more and 25% earn less than this value

Definitions

BASIC SALARY	THE NORMAL MONTHLY GUARANTEED CASH PAYMENT MADE TO AN EXECUTIVE
GUARANTEED PAY	BASIC SALARY PLUS CASH AND NON-CASH BENEFITS AND ALLOWANCES
Includes: (i) Other Cash Remuneration, Benefits and Allowances: Standard (General) Bonus or Deferred Salary Director's Fees Travel Allowance	<p>Annual value of a contractually guaranteed bonus or cash payment (e.g. 13th cheque) not related to individual or company performance.</p> <p>Annual value of any amount paid to an executive for services as a director of holding or subsidiary company(ies), or equivalent top level policy committee. (If paid separately and in addition to basic and/or deferred salary as described above).</p> <p>The total annual amount paid to an executive to reimburse car or travel costs, including any fixed allowance and reimbursement of maintenance, fuel, licence, insurance and other running costs where the vehicle is not company owned. (Excludes reimbursement of business travel expenses).</p>
(ii) Non Cash Benefits	
Company Car	Total annual cost of providing and maintaining an executive's company owned vehicle (i.e. private use benefit excluding, reimbursement of business travel).
Medical Aid/ Health Insurance	Annual value of company contribution or premium to medical aid or health insurance scheme. May also include compulsory medical examinations.
Life/Accident Insurance	Annual cost of premium for life or accident insurance cover paid on behalf of an executive and not included in pension fund contributions.
Housing Loan or Subsidy	Annual value of benefit to an executive of a low interest housing loan, or cost of providing a house, subsidised rental, domestic servants, chauffeurs, etc.
Loans	Annual value of benefit to an executive of a loan provided at below normal commercial interest rates (usually prime), i.e. a low interest loan.
Other Allowances	Allowances paid by the company on behalf of an executive e.g. restraint payments, "attraction" or other once-off payments, certain executive development programmes, telephone and productivity tools (laptop, cell phone costs, bursaries and study loans, contributions to deferred compensation schemes, etc).
Pension/Provident/RA Fund Contributions	Annual value of company contributions to approved Pension, Provident or other Retirement Funds including linked group life cover funds.
TOTAL COST OF EMPLOYMENT	GUARANTEED PAY PLUS SHORT-TERM INCENTIVE PAY
Includes: Performance-based/Shortterm Incentive Pay	Annual value of a short-term bonus or incentive payment related to individual or company performance e.g. profit share, performance bonus based on achievement of performance criteria, commission, discretionary award, etc. (Excludes long-term incentives such as share options/awards).
TOTAL REMUNERATION	TOTAL COST OF EMPLOYMENT PLUS SHORT-TERM INCENTIVE PAY
Includes:	Annual cost to the company of the present value of share option grants made to an employee and/or long-term annual cost to the

GS010135 Secretary / Typist 1

Up to 5 years experience

Maywork for one or more managers. Responsible for all clerical and secretarial duties (shorthand, typing, appointments, filing, travel, reception).

MODAL GRADES	
Bands	B3
Points	13
Hay:	114-134
JE Mgr:	50-55

Location	Staff	MONTHLY BASIC SALARY					ANNUAL BASIC SALARY				
		10 th percentile	Lower Quartile	Median	Upper Quartile	90 th percentile	10 th percentile	Lower Quartile	Median	Upper Quartile	90 th percentile
Johannesburg	490	14643	17422	20451	24773	27032	175716	209064	245412	297276	324384
Tshwane/Pretoria	186	14573	16619	19978	23738	26409	174876	199428	239736	284856	316908
East Rand	50	14449	17156	19890	24017	26692	173388	205872	238680	288204	320304
West Rand	65	13501	16179	18511	22458	24782	162012	194148	222132	269496	297384
Vaal Triangle	59	13446	15859	18776	22445	24730	161352	190308	225312	269340	296760
Limpopo/Mpumalanga	166	14174	16955	20049	23521	26206	170088	203460	240588	282252	314472
Kwazulu - Natal	93	14104	16881	19428	22692	25545	169248	202572	233136	272304	306540
Western Cape	85	13687	16534	19550	22798	25792	164244	198408	234600	273576	309504
Eastern Cape	69	13052	16006	18396	22421	24531	156624	192072	220752	269052	294372
N.West/N.Cape/FS	30	13181	15919	18438	21829	24060	158172	191028	221256	261948	288720
ALL LOCATIONS	1293	14128	16526	19361	23213	25736	169536	198312	232332	278556	308832

Location	Staff	ANNUAL GUARANTEED PACKAGE					ANNUAL COST OF EMPLOYMENT				
		10 th percentile	Lower Quartile	Median	Upper Quartile	90 th percentile	10 th percentile	Lower Quartile	Median	Upper Quartile	90 th percentile
Johannesburg	490	235182	285290	319763	384334	435127	244571	300982	347134	407325	453601
Tshwane/Pretoria	186	224329	272056	320935	376686	423854	249495	287973	333223	389131	443541
East Rand	50	229594	273500	312075	363559	422271	254741	292144	331059	383253	439050
West Rand	65	215243	260228	298387	353664	394102	230011	274260	310889	369014	434048
Vaal Triangle	59	220388	265346	300603	356407	406983	230340	277028	315345	367144	425489
Limpopo/Mpumalanga	166	231243	273947	315758	370487	401992	241852	288678	333782	394034	439627
Kwazulu - Natal	93	231599	280892	319625	370508	416273	245761	291472	334552	404452	439190
Western Cape	85	217753	269924	306868	369721	396851	227902	278580	320888	382732	421955
Eastern Cape	69	212529	257536	292528	343793	380923	223082	275580	308019	361472	400836
N.West/N.Cape/FS	30	214243	252795	287400	350173	380859	225321	264891	305526	362341	410903
ALL LOCATIONS	1293	227024	267521	305259	363826	408056	243371	288959	321255	375697	426609

ANNUAL VALUE OF FRINGE BENEFITS	% who receive	Percentiles			Average Cost	ALL AREAS AVERAGES Per Annum
		Lower Quartile	Median	Upper Quartile		
Annual Basic Salary	100%	198312	232332	278556	232176	Basic Salary (1) 232176
General Bonus	68%	16867	19166	21839	13087	
Car Allowance	7%	36856	61098	67786	4210	Cash Benefits (2) 26642
Other Cash Allowances	19%	7815	9871	13441	1830	
Company Car						Non Cash Benefits (3) 51176
Retirement Funds	86%	17776	26968	31581	23063	
Medical Aid	87%	18569	27906	34840	24354	
Other Non-Cash Benefits	42%	5739	8944	10222	3759	Annual Cost of Employment (1+2+3) 309994
Annual Guaranteed Package	100%	267521	305259	363826	302478	
Performance/Incentive/Commission	45%	9853	16576	26969	7516	
Annual Cost of Employment	100%	288959	321255	375697	309994	

TOP EXECUTIVE REMUNERATION IN SOUTH AFRICA 2019/2020



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Position Title: Marketing Director/Executive (Member of Board or Executive Committee)

Position Code: TE002051

Description: Responsibilities as defined for Marketing Executive but a member of a Board or Executive Committee.

REMUNERATION REPORT

MARKET REMUNERATION BASED ON COMPANY SIZE

SAMPLE SIZE 109

	25th Percentile (Lower Quartile)	50th Percentile (MEDIAN)	75th Percentile (Upper Quartile)	90th Percentile
Annual Basic Salary	2 328 896	2 712 778	3 551 357	4 007 333
Annual Guaranteed Pay	3 418 846	3 956 765	5 312 863	6 093 667
Annual Cost of Employment	4 246 947	4 818 822	6 642 464	7 912 660

MARKET REMUNERATION BASED ON PEMP MODEL GRADE

PEMP GRADE G6

	25th Percentile (Lower Quartile)	50th Percentile (MEDIAN)	75th Percentile (Upper Quartile)	90th Percentile
Annual Basic Salary	1 913 889	2 291 294	2 984 251	3 146 883
Annual Guaranteed Pay	2 981 628	3 191 974	4 422 835	4 947 638
Annual Cost of Employment	3 475 172	4 122 786	5 713 980	6 902 787

MARKET REMUNERATION : AVERAGE OF COMPANY SIZE and PEMP MODEL GRADE

	25th Percentile (Lower Quartile)	50th Percentile (MEDIAN)	75th Percentile (Upper Quartile)	90th Percentile
Annual Basic Salary	2 121 393	2 502 036	3 267 804	3 577 108
Annual Guaranteed Pay	3 200 237	3 574 369	4 867 849	5 520 652
Annual Cost of Employment	3 861 059	4 470 804	6 178 222	7 407 724

Use and Application of Corporate Survey Data in Medico Legal Reports

- A 'corporate' survey is, in our view, the most reliable reference source to use as a basis for computing loss of earnings for all commonly found positions within the formal sector workforce. Reputable service providers will have current market data for these positions in their salary survey databases.
- Market data for highly specialised positions may also be available on this basis in specialised industry sector based surveys carried out by survey service providers. In other cases, it may be possible to carry out customised research – subject to time and cost constraints.
- Market data is collected, analysed and reported on a consistent basis by position (typically within an organisation). Market-related pay levels will vary by position-related factors such as job description and content, level of seniority and responsibility within an organisation, tenure and job-related experience, specific skills required in terms of the job description, etc.

Use and Application of Corporate Survey Data in Medico Legal Reports Cont'd

- It is generally inappropriate to attempt to analyse and report market data by qualification alone. This is because people with the same or similar qualifications (e.g. in accounting, engineering, law, etc) may work in a variety of positions which may or may not include the qualification concerned as a job specific requirement.
- The guaranteed (or fixed) level of pay is most typically used as the basis for market comparisons and, in our view, is the most logical start point for loss of earnings calculations. The likely eligibility for, and probability of receiving additional remuneration such as incentive pay may also need to be considered, depending on position and responsibility level.
- We would not expect corporate surveys to be used to source data for positions within the informal sector or in any other avenue of employment outside the formal sector.