

# Salary benchmarking - checking the industry standard

Whether your company is big or small, how much an individual earns compared to what they do is often big on the agenda. At times people wonder if they are underpaid compared to others in the market. With employees wanting to earn more, there is a tool that companies can use to understand why individuals in particular positions earn a certain amount - Benchmarking.



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Salary benchmarking comprises of comparing the internal salaries of employees to what the market is paying for similar job positions. Therefore a salary benchmark gives information on what other companies pay people in particular positions. It is measured using individual employee's job title, job profile and grade.

There are different consultancies specialising in salary benchmarking. Data is collected from companies who wish to have their data analysed. Payroll data may be sent in any format, as long as the most important aspects needed to conduct the exercise are provided. These are the job title, the job grade (if the company has had their jobs evaluated / graded), as well as the salary package components. These elements of pay would include the basic salary and the benefits offered. It is often also essential to have the organogram which guides the analyst in understanding the reporting structure of the company in question.

The analyst then captures the data into a specific format which will then allow them to add the data onto the database once the analysis has been completed. The database informs the salary survey because it is a collection of salary information from various companies. The data is then analysed. The analysis can be customised according to different industries or different regions within South Africa, depending on the client's requests.

“The data can also be used to make other observations and findings. This can assist in giving recommendations to the companies on how to fix payment inequality for people doing a similar job at the same company,” says Ntombizone Feni, Niche Survey Manager at 21st Century, who goes on to explain that the companies can decide whether they want to use the recommendations, and factor them in their decision-making. Different company policies are considered in this instance.

For more information on salary benchmarking, visit [www.21century.co.za](http://www.21century.co.za).

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