



Impacting Lives Positively



AN ANALYSIS OF SALARY TRENDS IN PENSION SCHEMES

1st
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Introduction

There are various factors that affect an employee's salary growth. These factors can be classified as either internal or external.

External factors are those that are beyond one's control and include cost of living, economic conditions, government control, labor unions, globalization, prevailing wage level etc.

The internal factors are those that are within an employee's control and they include employee's worth, job description, compensation policy, employer's affordability, years of experience, level of education among others.

This article mainly focuses on the average salary growth trend of members of 25 pension schemes from 2016 to 2019. We shall focus on three main aspects which include:

- Gender;
- Yearly Trend; and
- Inflation.

This research will provide valuable insight and help employers remain competitive by providing information on past trends thus helping them make informed decisions about employees' pay rises in the context of the local markets.

Sample Data

- Number of sampled pension schemes = 25
- Number of pension scheme members = 9,841
- Period covered from 2016 to 2019.

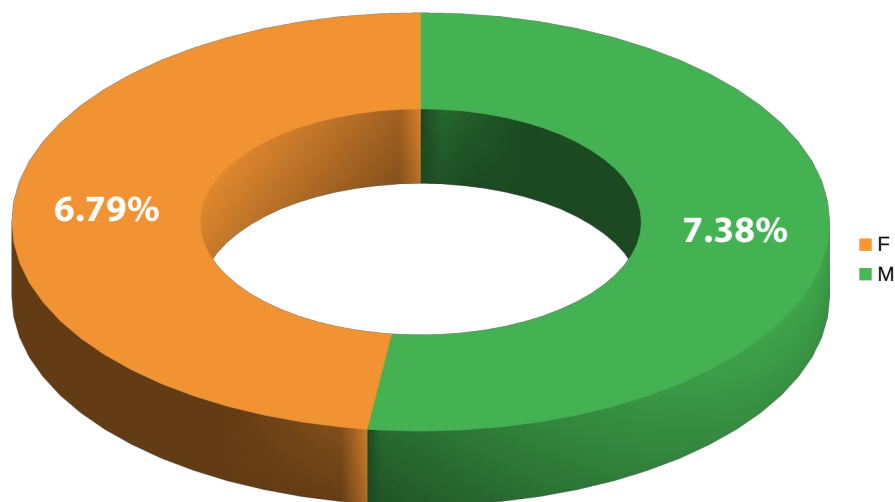


Findings

1. Average Salary Growth Rate - Gender Comparison

A comparison of salary growth rate between genders reveal a higher growth rate for males at 7.38% than females at 6.79%.

Average Salary Growth Rate by Gender



The gender pay gap is the inequality between women's and men's pay.

Among the reasons attributed to the gender pay gap are:

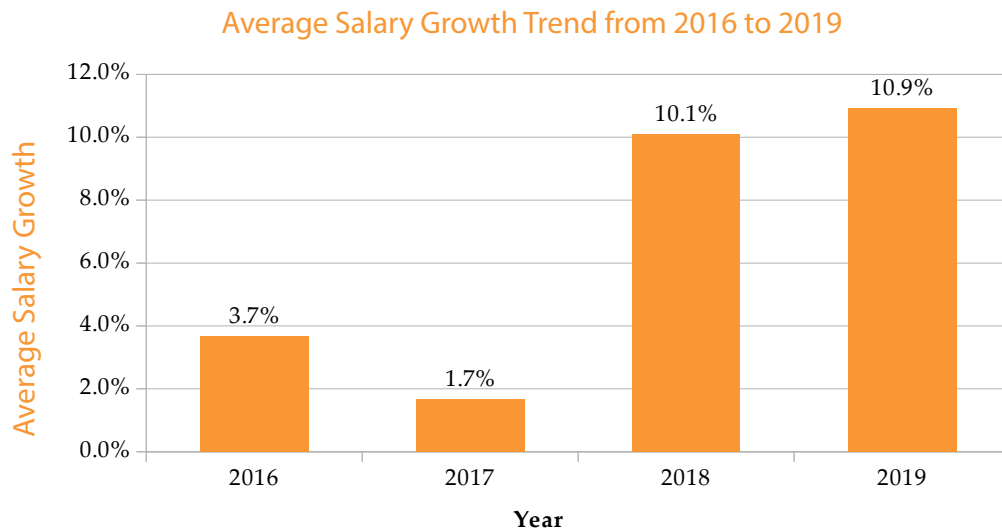
- a. Domination of men in the senior roles
- b. Gender norms – certain roles are accustomed to certain gender for example nursing. Therefore men in that sector generally enjoy job satisfaction despite criticism they may receive.
- c. Motherhood - often times women have to sacrifice their career plans to take care of their children or take flexible working hours with lower pay.
- d. Discrimination- women are paid less than men for the same role

To close the gender pay gap some of these factors may need to be addressed.

2. Salary Growth Trend from 2016 to 2019

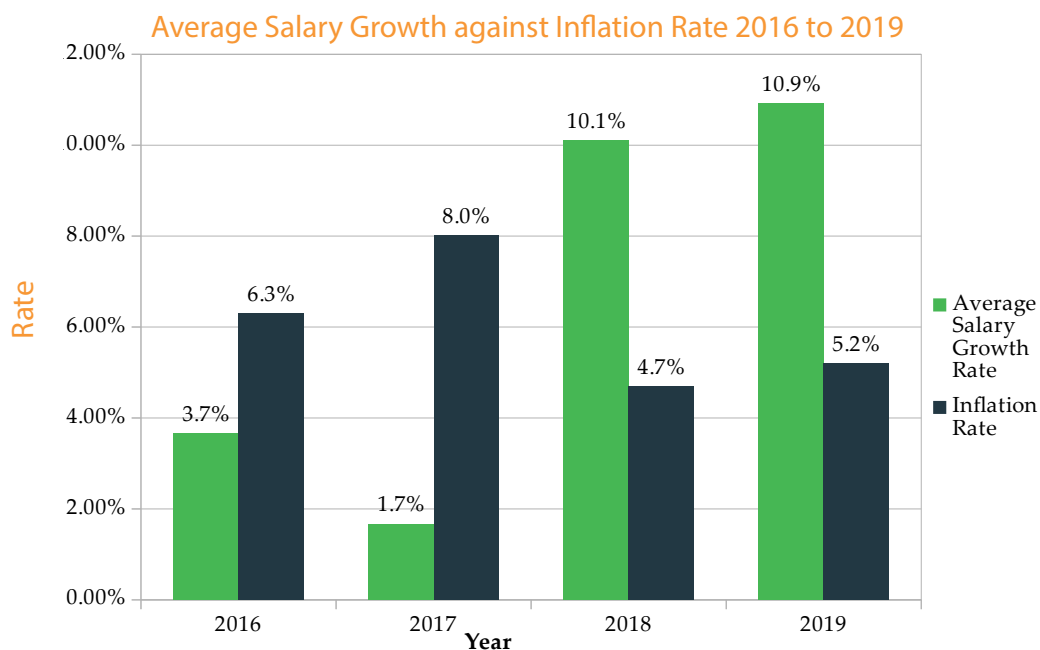
The overall average annual salary growth rate for all employees sampled over the 4 year period was 6.58%. The average annual inflation rate over the same period was 6.1%.

The graph below shows the salary growth trend from 2016 to 2019.



3. Inflation rate vs Salary Growth Rate

Inflation is the rise in prices of goods and services. Salary growth rate should be at par with the cost of living to keep the buying power of an employee's salary the same during periods of inflation.



The survey reveals that the salary growth was at par (or even higher in some instances) with the inflation rate except for the year 2016 and 2017. This means that on average members were able to afford the same living standards over the years.

Conclusion

1. Males, in general, have higher salary growth rate than females. Gender pay gap is an evolving issue that is yet to be resolved. Hopefully, we will live to see that day.
2. Average salary growth rate should be higher than the inflation to be able to accord members the same (if not better) living standards.

DISCLAIMER

The results are based on the 25 schemes analysed and may not be a representation of the wider pension industry and could change if the sample size is increased.

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