

Methodology/Disclaimer

SalariesReview

Cost-of-Living Internet-Based Survey

SalariesReview surveys are on-line, real-time databases quite unlike any traditional surveys you might have used before. SalariesReview was created by and operates under license from **ERI Economic Research Institute** to provide online survey capabilities and, in March of 2005, won the Patent for online interactive salary surveys. Data is gathered from non-copyrighted sources and inputs from on-line Internet participants with a focus on skills and skill-based pay. For example, if the database contains ten measures for a position and an eleventh is added, the median, weighted average, low, and high salaries will be adjusted, as will the number of participants and organizations, if applicable. Inputted data is tested against a standard error for the position. If within the acceptable range, it is included. Data not included is "flagged," and an e-mail is sent to ERI researchers to have this data reviewed before it is included in the database.

Survey data is contributed on-line via the Internet. Respondents include compensation and benefits professionals, one-time Human Resource and Internet inquirers, and non-copyrighted additions. SalariesReview's terms and definitions were originally derived from a long discontinued, non-copyrighted Bureau of Labor Statistics survey, the Urban Family of Four Index.

Since data is collected at various times with varying effective dates, as is the case with all surveys, data will be adjusted slightly to reflect a standardized Latest Data Collection Date of the first day of the quarter preceding any inquiry. Data that reflect costs preceding this date by more than 24 months are excluded. Therefore data collected for a product or service may decrease in sample size from one month to another, and data results may change slightly from one quarter to another because of aging and sample size changes.

Use of This Data - Disclaimer

This data is provided "as-is," and SalariesReview and ERI make no warranty, either express or implied, including but not limited to, warranties of correctness and fitness for a particular purpose. In no event will SalariesReview or ERI be liable for any indirect, special, consequential or other damages however caused.

Data Input

SalariesReview collected data are used to create comparative analyses of the cost of living in each of 189 countries. These countries major cities data are reported compared to national norms. The collection of costs in each country's currency allows SalariesReview to construct a comparison to a common denominator, national norms. This then allows the algebraic comparison of any international city's costs against another, even if found in different countries.

Internet users are asked to input data only for the country requested and the city requested. A feature that allows for quick selections, entering a postal or zip code, is not yet enabled for European cities and other locations that utilize such codes.

Country

In step 1, any one of 189 countries may be selected.

City

In step 2, any one of over 8,400 cities may be selected. SalariesReview's research design calls for each country to have one area entitled "Balance of Country" in which all other non-listed cities' data will be consolidated.

Add to Order

Add the selected report to your shopping cart and either continue shopping or proceed to checkout.

Reduce Costs/Contribute Data

If an Internet inquirer contributes information regarding costs for any two cost items in a city/area in which he/she knows present costs, the contributor will receive a single report for free. For example, if four reports are purchased, the charge will be for three.

Report Fields and Search Results

Data for this survey is currently confined to 18 key cost items affecting housing, transportation, services, and consumables for over 8,400 world-wide locations in 189 countries. Survey data is contributed on-line via the Internet. Data is converted into the Euro equivalent using the currency exchange rate existing on the date of data collection. However, data will be reported using a common exchange rate set to the first day of the year so that all measures may be equalized.

SalariesReview recognizes that each of the spending categories requires larger sample sizes, the number of items measured, to lower the standard error estimated to be plus or minus three percent. Individual additions may, with the present low number of measurements, significantly affect the reported results. Inputted data is tested against a standard error for the population, and, if within the acceptable range, it is included. Data not included is also flagged, and an e-mail is sent to ERI to have this data reviewed. It is expected that the standard error for testing and the overall error rate of this survey will decrease monthly as the datasets for 189 countries become more complete. When fully operational, this dataset will expand in terms of measurements, now limited to the following:

PER DIEMS:

SalariesReview Lodging

The Maximum daily expenses reimbursed to employees for a hotel stay vary between countries according to the U.N. and governmental reporting agencies. SalariesReview has elected to establish its own rates based upon its research. We believe our hotel rates more closely match the rate paid by businessmen traveling business class. They are generally higher than the U.N. rates.

SalariesReview Food & Incidentals

The maximum daily expenses reimbursed to employees for food and miscellaneous vary between countries according to the U.N. and governmental reporting agencies. SalariesReview has elected to establish its own rates based upon its research. We believe our daily expenses more closely match the rate paid by businessmen traveling business class. They are generally higher than either the U.S. or the U.N. rates.

U.S. State Department Lodging

Rates are consistent with the U.N. and governmental reporting agencies. These are maximum amounts based upon the cost of temporary lodging and are shown for comparison purposes. Internet data input cannot affect these reported rates which will be altered as data become available.

U.S. State Department Food & Incidentals

Rates are consistent with the travel per diem allowances of the U.N. and governmental reporting agencies. These are maximum amounts based upon the cost of temporary lodging and a fixed amount for meals and incidental expenses (M&IE). Again, these value fields are provided for Internet users' comparisons to collected values and are not altered by Internet users' input.

United Nations Total

Rates are consistent with the Per Diem rates published by the U.N. and governmental reporting agencies. SalariesReview reports an average of their rates with and without housing rates. These rates also are not altered by Internet users' input.

CONSUMABLES:

Price of one sandwich

Big Mac ¼ lb. or equivalent 100 gram bread type sandwich with filling equivalent to 1/4 lb. hamburger sandwich with toppings, including cheese, pickle, onion, mustard, and catsup.

One container soft drink

0.7 liter or 12 oz Coca Cola or equivalent processed drink.

Price of one adult sized white T-shirt

If in package of 2 or 3, divide to produce the price of a single unit and use the lowest price.

Price of one loaf of bread

24 oz. loaf at the lowest price or the closest equivalent.

HOUSING:

Monthly Rent - Apartment

Monthly rent for a two bedroom apartment (85 sq. meters or 900 sq. ft.) for a long term stationed employee.

Monthly Rent – House/Larger Apartment

Monthly rent for a three bedroom house or equivalent (205 meters or 2,200 sq. ft.) for a long term stationed employee.

Monthly Utility Costs

Total monthly utilities' cost (147 sq. meters or 1,560 sq. ft. residence) including base telephone fee, if available, for a long term stationed employee.

Monthly Electrical Rate

Monthly electrical rate per kilowatt-hour for a long term stationed employee.

SERVICES:

National Health Plan Contribution or Typical HMO

Total monthly premium for lowest cost family insurance or equivalent coverage, such as the monthly fee for any national plan, for a long term stationed employee.

Office Visit to General Physician

Office visit with a general practitioner for a periodic medical exam, including the physician's fee before insurance, for a long term stationed employee.

Semi-Private Hospital Room Cost

One day stay in a semi-private hospital room before insurance for a long term stationed employee.

TAXES:

Sales or Value-Added Tax

Sales or value-added tax rate on consumables as a percentage.

Property Tax on Residence Ownership

Residence (owned) property tax/mill rates (/1000).

Income Tax Rate

This is the effective combined income tax rate. At the present time, SalariesReview does not report income taxes as the assumption is that an employer will always tax equalize the employee.

TRANSPORATION:

Gasoline Costs

One liter or one gallon of regular mid-level gasoline. This is the most variable of the costs collected by SalariesReview and will be annualized via a regression analyses over the prior 12 months.

Auto Insurance

Annual auto insurance cost for an average size auto for city/area with one driver, age 40.

Auto Registration Fees

Annual auto registration plus fees for an average auto for this city/area.

Notes

SalariesReview models cost-of-living differentials with initial assumptions regarding the amounts of earnings that an employee might spend in each of the four major expense categories, housing, consumables, transportation, and health services, within city limits. Taxes are assumed to be tax equalized by an employer.

Many customers have asked how SalariesReview's cost-of-living estimates compare to estimates made by other sources. When evaluating a source of cost-of-living information, it is important to review both the data sources and methodology. Two different firms could collect exactly the same data but, by using different methodologies, report very different results. SalariesReview analyses include effective combined income taxes in all cost-of-living estimates, which distinguish our data from a number of other sources. Also, SalariesReview profiles various spending levels, each with differing spending patterns, for example, the €24,000 spending pattern versus the €72,000 spending pattern, while many sources profile and report cost-of-living differentials for a single spending level only. There is no single COL index for any city as compared to any other. Each comparison study will involve many different variables, including spending level, living areas, home ownership versus rental, neighborhood, home size, family size, etc.

Each country and city's cost-of-living analyses versus national average level assumes a specific expenditure pattern

for the base city against which the referent country or city is compared.

POSSIBLE ALLOWANCE ADDITIONS:

As applicable, SalariesReview includes the danger and/or hardship pay/cost rates as recommended by the U.N. and governmental reporting agencies. SalariesReview may also add to these rates based upon its own estimate of what we believe to be the overly conservative and off-times politically strained additions by these two organizations.

REMUNERATION COMPARISONS:

Cost-of-living reflects the supply and demand for goods and services. Remuneration rates reflect the supply and demand of labor. Cost-of-living is often used as an additive to expatriate pay. It has little to do with local national pay.

SalariesReview recommends that general wage level comparisons between different countries, using regression analysis, be made only as a first step in determining competitive pay internationally. In most cases, it is preferable to administer separate and independent pay structures for each country.

Readers who choose to apply an exchange rate differential to compare individual positions' salaries for cities of both nations also should be warned that when comparing general wage and salary levels, the calculation is not as simple as applying an exchange rate alone. Using this simple technique involves the application of a specific instance to an equation developed from general data. Individual circumstances, including consideration of industry variation, specific market conditions, the different economies and valuation of jobs of different countries, will determine whether the use of regression line average and trending is appropriate. In the end, administrators find that different cultures value skills, abilities, and experiences differently. Teachers, police officers, clerical workers, and computer programmers are paid quite differently, for example, in most countries than they are in the U.S.

TREND DATA:

Since survey information is collected at various dates, all survey data is trended to a common effective date. SalariesReview's economic model standardizes data to the first day of each quarter.

COMMON QUESTIONS:

The following is a listing of explanations that answer the questions most commonly asked by users of SalariesReview's International Cost-of-Living Survey.

Data Sources

Quite often, SalariesReview is asked who is the source for a certain piece of information. Because SalariesReview collects and compiles survey and statistical information from thousands of different publications and providers, there are often several, compiled sources with various effective dates for the data provided. As with the Internet, SalariesReview does not record the contributor of data; individual names and their companies are not collected.

Metro Areas vs. Cities

Many economic development organizations have questioned the use of individual cities for profiles, rather than general metro areas. For example, some ask, "Why do you profile London and ignore the London area and/or Southeast Great Britain?" The answer is that, while many workforce demographics and salary categories may be representative of the greater metro area, cost-of-living and quality of life categories must be observed on a city-by-city basis. In this example, a housing price estimate for the London Statistical Area is almost meaningless, while a housing price estimate for livable neighborhoods within the city limits of new/old London is useful information.

Definitions

Requested Country

Approximately 189 countries are listed. This number changes slightly, with Macua being the most recent deletion and East Timor the most recent addition.

Requested City

Any of over 8,400 international cities may be selected. Each has been cross-walked to a respective employment area, roughly described as an area in which a working commute may be made. For all countries, a catch-all area exists described as "Balance," which may include costs from cities thousands of miles apart, as in Russia, or thirty miles, as in Aruba.

Survey Median

A median cost is a boundary. A cost median estimate is the boundary between 50% of the lowest costs and 50% of the highest costs. Half of costs collected are higher than the median cost, half are less.

Survey Mean

A mean, or average, is calculated by summing all inputs and dividing by the number of measures. With initially seeded data, SalariesReview may multiply the measure factor times the reported mean and then utilize this as the sum to which an individual measure is added, dividing by the sum of the measure factor plus one.

Survey/Source Name

SalariesReview's International Cost-of-Living Internet Based Survey. This is one of six interactive surveys found at SalariesReview on the Internet.

Population

This count of number of inputs is, to begin, a low of either "1", representing SalariesReview's initial survey consensus collection, or "11" representing SalariesReview researcher's field audit. Each additional Internet survey input will increase this count by "1" or the number of incumbents and/or entries made.

Survey Area

Areas shown are those commutable and metropolitan working areas defined by SalariesReview. This methodology matches the new OES areas and, in Canada, provinces and/or territories including the Nunavut Territory found in SalariesReview's U.S./Canada Wage & Salary Internet Based Survey. These areas are each defined as a collection of finite counties where counties or sub-divisions exist. The logic behind these definitions is that they represent areas in which individuals might live and commute to work. In all cases, SalariesReview collects and assumes measures are for areas in which an expatriate can easily and safely live.

Currency

Will vary by country as information is collected. Each country's data is reported in that country's currency. For reporting purposes, only the first of the year's rates are used. This will change sometime in the future, as ERI plans to make SalariesReview a "current currency" application.

Methodology/Description

As found in this prose. Report Date is the date at which the Search Report is generated on the Internet.

Complete Report and In-Depth Analyses

Because of the limitations of the Internet, mainly caused by the constant need to "refresh" data input screens, and the confidentiality related to an individual's remuneration, this survey cannot now take into account income tax rate or other factors.

Sampling Frame

For this survey, the sampling frame includes data from Internet participants, field research, and the potential seeding of information from non-copyrighted sources (the latter is minimal).

Method of Data Collection

Data is submitted by participants over the Internet.

Latest Data Collection Date

This is defined as either 1 Jan 200x, 1 Apr 200x, 1 Jul 200x, or 1 Oct 200x using the European/International day, month, year sequence. In reality, if an Internet inquirer submits data for the position for which a report is requested, the report will be adjusted by that input, if only slightly because of sample size. This adjustment, however, will be slightly reduced so as to match the quarter collection date unless, for example, the data is inputted on 1 July when the adjustment would be zero percent.

Survey Publication Data

This is the date on which an International Cost-of-Living Internet Based Survey Report is accessed and/or printed.

Estimation Methodology

SalariesReview's surveys reflect the evolving use of the Internet and its ability to collect sample sizes large enough to be considered significant. All data is collected over time, with older data being updated to match current input. SalariesReview data are updated/adjusted to the first day of the preceding quarter using structure change forecasts equal to approximately 60% of the inflation rate of a country. Such a procedure assumes that each occupation's wage moves according to the average movement of all positions and that there are no significant geographic differences. Since this may not be the case, the wage-updating procedure has some quality limitations.

Improvement of Data

As data for positions are collected, the effect of this modeling will be minimized. Over time, it is expected that datasets will become heavily weighted by inputs from Internet respondents. Initially, one should expect data to be

more heavily weighted by the seeding of non-copyrighted and contributing organizations' data. It is noted that, because each Internet inputting inquirer will be counted as a "1" for both the incumbent and the firm count, SalariesReview surveys will have much higher firm counts than traditional surveys. Should two different employees report data for the same organization, the number of organizations reported will be overstated. This will not affect the accuracy of the reported mean wages.

Statement as to the Relevance and Reliability of Data

Relevance is totally determinable by the circumstances and situation presented. See this Methodology's Disclaimer.

Reliability is described in a four part, non-exclusive summary to match the *Daubert* challenge as now required for statistical evidence in the United States.

Theory/Technique Demonstrations

Methodologies accompany each SalariesReview survey and Internet presentation. These methodologies include definitions of terms, examples of calculations, and identifications of sources and data updates.

Subject to Publication and Peer Review

SalariesReview surveys, SalaryExpert and ERI's Internet visits now exceed 500,000 a month to <http://www.salariesreview.com> and related sites. SalariesReview's peers are its competitors, those firms that also provide data analyses to their clients.

Known or Potential Rate of Error

Each SalariesReview survey illustrate via a "Reliability Statistics" link, the beginning of a statistical overview of SalariesReview data.

General Level of Acceptance within the Discipline's Community

Internet online surveys should be differentiated from free Internet data sites that do not disclose their source data.

Individuals who contribute data are not charged for their first, single data retrieval. Select one of the surveys below:

Salaries, Wages & Remuneration Skill-Based Survey

A report of any one of 24,000 position title's competitive salary and incentive data in any of 8,400 locations. Data is shown in the currency of the country.

Cost-of-Living Survey

A report listing 18 key cost items affecting housing, transportation, taxes, services, and consumables for 8,400 cities/locations with an area's COL compared to the national average of the country selected.

Employee Benefit Survey

A survey of 48 key employee benefit practice measures, including employee and organizations' costs in 49 industries across 76 states, provinces, and territories and 647 metropolitan employment areas (US and Canada only).

College Graduate Offer Skill-Based Survey

A report of salary and first year incentive offers to college graduates in any of 7,200 worldwide locations for any one of 1,800 degrees using a 5,100 worldwide college/university database.

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