

As described in the text, payroll data and unemployment data are used in the benchmarking process, providing important guidance for organizational decision-makers. But from that context, one should critically examine the limitations of these data sources.

Demerits of Payroll Data: Payroll data, while instrumental in benchmarking rewards systems, possess certain limitations:

- Limited Scope:** The abundant amount of payroll data chiefly involves the financial side of compensation, including salaries, overtime, benefits, and absence days. However, these metrics do not represent the full extent of employee performance or job satisfaction. These parameters are integral pillars for a complete perspective on rewards practices (Grinstein et al. 2021).
- Privacy Concerns:** With salary information and personal data, handling payroll data requires strict adherence to privacy regulations. In addition to legal problems, mishandling or data breaches create ethical issues.
- Qualitative Context:** In fact, payroll data in isolation may lack the kind of qualitative context necessary to fully understand the reasons for making compensation decisions or the performance of rewards systems. They provide numerical information, but too often fail to explain the real reasons for compensation schemes.

Demerits of Unemployment Data: Unemployment data offer valuable insights into labor market trends but are also subject to limitations:

- Industry Specificity:** However, unemployment-related data are geared to the individual industry, and do not consider other aspects of the economy that have an impact on employment figures. Furthermore, their limited scope could make them less relevant for organizations with large or diversified activities (Axelrad et al., 2018).
- Lack of Granularity:** Data reported in this category tend to be statistical in nature, such as the unemployment rate, with less focus on the differences among job categories, skill levels, or regional differences. Lack of detail, however, can limit their applicability.
- Predictive Constraints:** Although unemployment statistics are indicators of labor market trends, they may lack predictive power. These trends aren't invincible, however: external factors like legislative changes or economic upheavals can derail them.
- Data Lag:** Statistics on unemployment normally show a time lag, so organizations may not be able to have up-to-the-minute information on hand for immediate decisions.