

# **Society of Business Economists Salary Survey**

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## **Introduction**

Sadly the pause last year in the fall in the number of replies to our questionnaire has turned out to be just that – a pause. This year only 65 were returned, representing about 13% of the membership. Of course one possible reason for the decline is that in this digital age members find the paper questionnaires cumbersome to complete and return and we shall be considering whether the survey can in future be conducted through our website, like the recent – and successful – survey of members’ views on the teaching of economics. But perhaps the time has come, too, to ask the question whether members still find the survey worthwhile and we shall have to give that some thought.

In any case we have to repeat what has become a customary caution about how the results of the current survey should be read. And we have decided not to undertake the usual analysis by sector of a number of the statistics from the survey, not least because nearly three-quarters of the replies are from members in just two sectors, Financial Services and Consulting.

## **Salaries and Financial Compensation**

There has been much talk through the years of recession of the ‘squeezed middle’; this survey suggests that business economists, after years of seeming untouched, at least for those who stayed in employment, now find themselves among those being squeezed.

Table 1 overleaf shows the distributions of salaries, including income from self-employment, and of total cash compensation (TCC), taking in salaries, bonuses and the value of any shares received. We can see that the average salary is about 2½% lower than in 2012, and that average TCC is nearly 9% lower. There are corresponding declines in the proportions of respondents reporting higher levels of reward and increases in the proportions reporting lower levels. Of course, this is in part the result of a changing population of respondents; thus the average

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**Table 1: Salaries and total compensation**

Salaries			Total cash compensation		
Range (£K)	Percent of replies		Range (£K)	Percent of replies	
	2013	2012		2013	2012
< = 40	3	0	< = 40	2	0
41 - 60	25	23	41 - 60	20	16
61 - 80	20	21	61 - 80	14	23
81 - 100	12	14	81 - 100	14	12
101 - 120	9	7	101 - 120	9	6
121 - 140	8	9	121 - 140	6	2
141 - 180	15	20	141 - 200	14	14
> 180	8	6	201 - 300	12	18
			> 300	9	9
Average (£K)	103.2	106.0		140.6	154.3
Median (£K)	86.0	91.5		101.0	98.0
Maximum (£K)	320.0	320.0		545.0	906.0
Minimum (£K)	35.0	42.0		35.0	44.0
No. of responses	65	86		65	86
Median reported increase (%)	2.0	2.0		3.0	2.5

reported increase is positive, 2% for salaries and 3% in TCC. But the Retail Price Index increased by over 3% in the same period. Not a bear-hug, perhaps, but a very firm grip!

Moreover, in so far as happiness is relative, economists will take little comfort from the modest increase in general Average Weekly Earnings, including bonuses, which, between the beginning of 2012 and the beginning of 2013, were up by ½%, but perhaps more from the fall in Average Weekly Earnings in Finance and Business Services of nearly 1½%.

## Earnings by sector

Table 2 shows salaries and TCC by sector. As we noted above there were relatively few responses from individual sectors other than Financial Services, which contributed 42% of responses, and Consulting, which contributed 29%. We have therefore aggregated responses from all respondents in the public sector, including central and local government, regulatory bodies, publicly-owned organisations, academia and third-sector bodies. Similarly, all other commercial, industrial and other privately-owned organisations have been aggregated as ‘Other Private’.

**Table 2: Remuneration by sector**

	<b>Financial Services</b>	<b>Consulting</b>	<b>Other Private Sector</b>	<b>Public Sector</b>
<b>Respondents 2013</b>	<b>27</b>	<b>19</b>	<b>10</b>	<b>9</b>
2012	42	17	14	13
<b>Average salary<sup>1</sup> (£k) 2013</b>	<b>116.7</b>	<b>110.3</b>	<b>87.0</b>	<b>65.7</b>
2012	117.4	111.9	89.2	79.5
Maximum (£K) 2013	320.0	190.0	200.0	108.0
Minimum (£K) 2013	40.0	35.0	45.0	49.0
Median (£K) 2013	110.0	100.0	75.0	57.0
<b>Average total cash compensation<sup>2</sup> (£K) 2013</b>	<b>163.4</b>	<b>157.5</b>	<b>107.0</b>	<b>73.6</b>
2012	195.5	146.9	108.4	80.3
Maximum (£K) 2013	545.0	460.0	350.0	108.0
Minimum (£K) 2013	45.0	35.0	45.0	50.0
Median (£K) 2013	150.0	110.0	80.3	59.3
<b>No. receiving bonus</b>	<b>23</b>	<b>13</b>	<b>7</b>	<b>3</b>
<b>Average bonus<sup>3</sup> (£K) 2013</b>	<b>48.2</b>	<b>67.9</b>	<b>19.7</b>	<b>23.8</b>
2012	74.2	49.5	24.6	1.5
<b>No. receiving shares</b>	<b>13</b>	<b>3</b>	<b>2</b>	<b>n/a</b>
<b>Average value<sup>3</sup> (£K) 2013</b>	<b>11.8</b>	<b>5.0</b>	<b>31.0</b>	<b>n/a</b>
2012	33.6	0.0	18.3	n/a

**Notes:** 1. Including self-employment income  
 2. Total cash compensation includes bonuses, shares and options received  
 3. Of those receiving bonuses or shares

We can see that fewer replies were received from all of those sectors this year than last. The average of reported salaries was also less in all sectors this year than last, although the fall was most marked in the Public Sector, where the average reported in this survey was about 17% lower than in the last. The average level of TCC was also generally lower – markedly so in Financial Services, reflecting sharply lower bonus payments.

### **Bonus Payments**

Bonuses continue to be widely received and about 70% of respondents reported receiving one, much the same proportion as in 2012. And, although overall the average bonus received was, at £33,800, significantly lower than last year's £58,500, it continues to be an important part – about a quarter – of total remuneration. Despite the continuing public fuss about 'bankers bonuses', the fall in the overall average was mainly a reflection of a sharp fall in the average bonus reported in Financial Services. In a curious counterpoint, the average value of bonuses received by Public Sector respondents was markedly higher this year, although they remain lower than in the Private Sector generally and are less common than in the Private Sector.

### **Share Schemes**

Of course, the Public Sector cannot offer shares in the enterprise and such schemes are far from widespread in the Private Sector: only 28% of respondents reported being in such a scheme, about the same as last year. However, the average value of shares and options actually received was lower than in last year's survey, at £12,800 compared to £28,700, despite share prices (measured by the FTSE 100) not being very different at the beginning of this year compared with the beginning of last year.

### **Pensions and Other Benefits**

Table 3 shows, for each of the four sectors identified, the numbers of respondents who participated in pensions schemes and received other benefits. Most respondents – 89% this year – still report having some kind of pension arrangement, but the proportion in a defined benefit (aka final salary) scheme has fallen again, from 30% to 26%, as has the proportion in non-contributory schemes, from 24% to 12%. It seems that pensions will increasingly depend on an individual's own savings.

**Table 3: Pensions and other benefits by sector**

<b>No. of respondents</b>	<b>Financial Services</b>	<b>Consulting</b>	<b>Other Private Sector</b>	<b>Public Sector</b>
<b>Pensions</b>				
No. in a scheme	24	15	10	9
Percent of total	89	79	100	100
Defined benefit schemes	6	2	2	5
Defined contribution schemes	16	11	8	1
Multiple schemes	2	2	0	3
<b>Other benefits</b>				
Medical Insurance	20	6	6	2
Company Car	6	2	4	1
Miscellaneous	6	2	2	0

Moreover, this year a smaller proportion of respondents than last year has enjoyed the other benefits reported – even medical insurance is down, and that is unlikely to reflect increased confidence in the NHS!

### **Activity and Salary**

Table 4 shows the numbers primarily engaged in each of the activities we have identified, but we have not shown a breakdown by sector as this year there are too few respondents for some results to be significant. Where respondents have specified a primary activity outside those listed in the questionnaire we have re-assigned some, for example ‘commodities research’ has been classed under ‘forecasting and modelling’ and ‘strategy & evaluation’ has been classed under ‘business planning’. The others include academic teaching and research and economists engaged in journalism or in regulatory activities.

The most striking feature of these results is the growing importance of international analysis in the work of business economists: not only was this the only primary activity reported by as many respondents this year as last – and so representing a larger proportion – but it was one of only two activities for which the median salary was higher than last year.

**Table 4: Salary and activity**

Activity	No. of respondents		Median salaries (£K) <sup>1</sup>	
	2013	2012	2013	2012
Forecasting & Modelling	9	12	92.0	101.0
Business Planning	5	8	110.0	77.6
Market Trading & Fund Management	6	7	74.0	110.0
International Analysis	14	14	110.0	84.1
Public Policy Analysis	11	14	59.3	75.5
General Management	16	25	109.0	115.0
Other	4	6	57.5	61.0

**Notes:** 1. Including self-employment income

Otherwise, general management still occupies – just – the most respondents, and the proportion of respondents engaged in the other activities reported is not much changed. Median salaries were mostly lower than last year, as would be expected given the lower overall median.

### **Demography and Salary**

Finally, in Table 5 we show how gender, age and service are reflected in the pay of business economists. The proportion of replies from women, at 8%, was a little lower than last year, but the median reported salary for women respondents was, at £114,000, higher than last year, and the ratio of women’s salaries to men’s has widened again, though still below the over 50% margin recorded in 2011.

There was very little change in the proportions of respondents in each age-range, nor in the median reported salary in each age-range compared to last year. Salary continues to show little variation with age, although those under 35 years old typically received lower salaries.

Fewer respondents report having served less than 10 years in their present job, although they still accounted for more than half of all respondents. Not that mobility or loyalty was especially well-rewarded.

**Table 5: Salary and demography**

Activity	No. of respondents		Median salaries (£K) <sup>1</sup>	
	2013	2012	2013	2012
Men	57	73	82.0	91.0
Women	8	13	114.0	109.0
<b>Age (years):</b>				
Under 35	11	15	52.9	62.0
35-55	39	51	100.0	100.0
Over 55	15	20	100.0	112.0
<b>Service (years):</b>				
Under 10	38	57	70.0	82.0
10 - 20	19	15	110.0	110.0
Over 20	8	9	92.9	109.0

**Notes:** 1. Including self-employment income

The median salary was lower this year than last for those serving less than 10 years and for those serving more than 20 years, while holding up for those serving between 10 years and 20 years.