

# **Society of Business Economists Salary Survey**

**January 2011**

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## **Introduction**

For this year's survey we made some simplifications to our questionnaire. In particular we reduced the number of sectors identified where members are employed. Over recent years the number of respondents to our survey has, sadly, been falling. As a result we have found that, using the more detailed classification in previous surveys, some categories contain only one or two respondents and results could not be taken as typical. For other reasons we have not included this year a question about members' qualifications, but we intend to revisit these from time to time in future surveys.

This year we received 85 replies to our questionnaire, but we were only able to include 82 returns in the survey. This is eight fewer than last year and represents about 15% of the membership. The results have to be read accordingly: they are illustrative of business economists' experience rather than definitive.

For all that, and despite the sluggishness of the economy and growing constraints on public sector pay (where a significant number of our members are employed), the Survey suggests members' incomes have improved quite strongly. Table 1 shows the distribution of salaries, including income from self-employment, and of total cash compensation (TCC), taking in salaries, bonuses and the value of any shares received.

The average salary was some 16% higher than the average reported in 2010, and the average TCC was up by about 14%, reflecting a significant fall in the proportion of respondents reporting an income of less than £60,000 and a more modest increase in the proportions reporting the highest levels of income. So business economists seem to have fared better than employees generally, for whom Average Weekly Earnings, including bonuses, increased by only 2% between the end of 2009 and

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the end of 2010 – although the corresponding data for those working in the Financial Sector showed a slightly stronger increase of about 3.5%.

**Table 1: Salaries and total compensation**

Salaries			Total cash compensation		
Range (£K)	Percent of replies		Range (£K)	Percent of replies	
	2011	2010		2011	2010
<=40	5	7	<=40	4	7
41- 60	23	33	41- 60	20	27
61- 80	18	12	61- 80	20	11
81-100	18	17	81-100	11	9
101-120	9	16	101-120	5	7
121-140	12	8	121-140	8	9
141-180	10	6	140-200	12	18
>180	5	1	201-300	13	7
			>300	7	5
Average (£K)	99.6	85.7		137.0	120.3
Median (£K)	85.0	80.0		97.5	90.0
Maximum (£K)	550.0	320.0		600.0	550.0
Minimum (£K)	21.0	18.0		21.0	18.0
Number of responses	82	90		82	90

### **Earnings by sector**

Table 2 shows salaries and TCC by sector. The smaller number of sectors identified did leave a few respondents unsure how to characterise their positions. For completeness we have gathered these into an ‘Other’ sector. Nevertheless, the survey shows little change in where our members are employed: 37% in financial services, 25% in consulting and 23% in the public sector, which now includes our academic members.

**Table 2: Remuneration by sector**

	Public Sector	Consulting	Financial Services	Other Private Sector	Other
<b>Respondents 2011</b>	<b>19</b>	<b>16</b>	<b>30</b>	<b>13</b>	<b>4</b>
2010	25	22	30	12	1
<b>Average salary<sup>1</sup> (€K) 2011</b>	<b>71.5</b>	<b>115.4</b>	<b>108.0</b>	<b>109.7</b>	<b>74.0</b>
2010	59.8	99.7	97.6	75.3	100.8
Maximum (€K)	125.0	550.0	187.0	350.0	125.0
Minimum (€K)	41.0	21.0	36.9	45.0	45.8
Median (€K)	65.0	83.2	105.0	85.0	62.5
<b>Average total cash Compensation<sup>2</sup> (€K) 2011</b>	<b>73.6</b>	<b>149.4</b>	<b>182.9</b>	<b>126.4</b>	<b>78.5</b>
2010	65.7	135.9	151.5	83.9	175.0
Maximum (€K)	125.0	600.0	532.0	350.0	149.0
Minimum (€K)	41.0	21.0	39.4	53.0	45.8
Median (€K)	67.0	92.5	170.0	95.0	63.5
<b>Receiving Bonus</b>	<b>12</b>	<b>12</b>	<b>29</b>	<b>11</b>	<b>3</b>
<b>Average bonus<sup>3</sup> (€K) 2011</b>	<b>3.4</b>	<b>43.1</b>	<b>66.9</b>	<b>14.6</b>	<b>6.0</b>
2010	8.0	40.2	66.1	10.7	50.0
<b>Average bonus<sup>3</sup> (% TCC<sup>3</sup>)</b>	<b>4.0</b>	<b>15.7</b>	<b>33.3</b>	<b>11.0</b>	<b>5.1</b>
<b>Receiving shares</b>	<b>N/A</b>	<b>2</b>	<b>9</b>	<b>4</b>	<b>0</b>
<b>Average value<sup>3</sup> (€K)</b>	<b>N/A</b>	<b>13.0</b>	<b>34.2</b>	<b>14.3</b>	<b>0</b>

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 average salaries were significantly higher than in the 2010 Survey in all sectors, except 'Other'. The fall in average salaries there and the rather dramatic increase in Other Private are, we would surmise, the result of changes in the respondent population rather than of any particular misfortune or success respectively. A little more

surprising, when government is attempting to curtail spending, is the nearly 20% higher average salary in the public sector, although of course our survey was made at the turn of the year before the full impact of the new government's budgetary measures.

### **Bonus payments**

It appears that a bonus is now an accepted part of almost everyone's remuneration. Perhaps for the employer it provides a valuable element of flexibility in wage costs, while for the employee it provides a sense of participation in the fortunes of the organisation. Whatever the reason, over 80% of our respondents report receiving one, and even in the public sector nearly two-thirds of respondents enjoyed a bonus. Of course, the average bonus paid in the public sector was, at £3,400, a mere shadow of the £67,000 paid on average in financial services, and was lower than reported in 2010. But in the private sector bonus payments have recovered strongly and overall the average bonus paid was up from £30,500 last year to £40,000 this, not far off its peak of £44,700 in 2009.

### **Share schemes**

Of course the public sector cannot offer shares in the enterprise, and such schemes remain far from widespread in the private sector. Only 23% of respondents said they were in a share scheme, although this was a few more than last year, and at least this year nearly 80% of those did receive some actual benefit. On the other hand the average value of the shares and options received was lower, at £26,100.

### **Pensions and other benefits**

Participation in pensions and other benefits by respondents in each sector is shown in Table 3. As for many years past, nearly all respondents – 94% this year – report being in some kind of pension scheme. However, despite the pause last year, the decline in the proportion of respondents in a defined benefit scheme has resumed its fall, and is back down to 35%. And with over half of those in such schemes being in the public sector their future will depend very much on the outcome of the government's attempts to reform public sector pensions.

Medical insurance continues to advance, with nearly 60% of respondents benefitting from it – nearly all in the private sector – while the company car continues its slow decline, enjoyed by only 20% of respondents.

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

Number of Respondents	Financial Services	Consulting	Other Private Sector	Public Sector	Other
<b>Pensions</b>					
Number in a scheme	28	13	13	19	4
Percent of total	93	81	100	100	100
<b>Defined benefit Schemes</b>					
Contributory	5	2	5	8	0
Non-contributory	1	1	0	7	0
Personal	0	0	0	0	0
<b>Defined contribution schemes</b>					
Contributory	11	3	5	1	2
Non-contributory	8	1	0	0	0
Personal	1	6	2	0	1
<b>Multiple schemes</b>	2	0	1	3	1
<b>Other Benefits</b>					
Medical Insurance	27	8	10	2	1
Company car	9	2	4	1	0
Miscellaneous	5	4	4	0	0

### Pay rise by sector

Table 4 shows reported pay rises. The reported overall median pay increase was, at 3%, certainly an improvement on the 1% in last year's survey. However the median increase in the public sector was only one percent, less than last year financial services showing a slightly higher median increase of 4%. Moreover, just over 30% still reported receiving no increase in salary. Fewer than in our last survey changed their jobs in the past year – only 5% compared to 11% – although they reported above-average pay increases as a result.

**Table 4: Salary increase by sector**

Sector	Total respondents	Median per cent increase in salary <sup>1</sup>		
		2011	2010	Number reporting no increase <sup>2</sup>
Financial Services	27	4	0	6
Consulting	14	3	0	5
Other Private Sector	13	3	3	4
Public Sector	18	1	2	9
Other	3	3	N/A <sup>3</sup>	0
All	75	3	1	23

Notes: 1. Including self-employment income 2. Including those reporting a lower salary  
3. Only one in sample

### **Activity and pay**

Table 5 shows the number of respondents in each sector engaged in each primary job function. As last year some respondents specified a primary activity outside the options listed in the questionnaire. Again, some have been re-assigned; for example ‘commodity market analysis’ we classed under ‘econometrics, forecasting and modelling’ and ‘investment strategy’ we classed under ‘business planning’. Of the remainder most were academics who listed teaching and research or economists engaged in regulatory activities. The resulting numbers showed slightly fewer than in our last survey engaged in the more technical activities and slightly more in market related activities, but again more reported their principal activity as management than any other.

The median of reported salaries for those in each of these activities was generally higher than in last year’s survey, ranging from a level typically 59% higher for those doing econometrics, to an unchanged level for those in management – dashing our speculations last year about the market for management skills.

Table 5: Activity by sector

Sector	Number of respondents									
	Econometrics Forecasting & Modelling	Project Analysis & strategic evaluation & planning	Market trading & fund management	International & Country analysis	Public policy analysis	Senior & general management	Other			
Financial services	4	4	8	6	1	4	3			
Consulting	4	3	0	4	1	1	2			
Public sector	2	1	0	0	8	5	3			
Other	1	1	0	1	3	10	1			
All sectors	11	9	8	11	13	20	9			
Median salary (£K)										
2011	90.0	51.5	101.3	130.0	71.0	110.0	63.5			
2010	56.5	51.3	100.0	89.0	66.0	110.0	49.3			

**Table 6: Salary and demography**

	Per cent of responses <sup>1</sup>		Median salaries (£K) <sup>2</sup>	
	2011	2010	2011	2010
Men	87	85	80.1	78.5
Women	13	15	125.0	114.0
Age:				
Under 35	15	18	50.0	49.5
35-55	66	58	92.5	100.0
Over 55	19	24	91.0	62.5
Service:				
Under 10	59	66	80.1	62.5
10-20	25	21	92.5	100.0
Over 20	16	13	91.0	86.0

Notes: 1.Per cent of those responding to question 2.Including self-employment income

### **Pay and demography**

Finally, in Table 6 we show how gender, age and service are reflected in the pay of business economists. The proportion of replies from women, at 13%, was again a little lower than in the last survey, but the median reported salary for women respondents was, at £125,000, significantly higher, and continued to outpace the median reported by men, the fourth year in a row in which the ratio of women's salaries to men's has increased.

There was a fall in the proportions of respondents both under 35 years old and over 55 years old. However, the median reported salary varied less with age than in our last survey, although those under 35 years old still typically received lower salaries.

We have seen that fewer changed their jobs in the past year and the proportion of respondents having served for less than 10 years in their present job was correspondingly lower. Even so, it was still more than half of respondents. And, as with age, the reported median salary in this survey varies less with length of service than in last year's survey.