

Society of Business Economists Salary Survey 2017

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Introduction

Plus ça change ... The cynic's motto seems to encapsulate this year's survey. It shows that the typical increase in Members' pay overall was just under 3% over the year, little changed from the 2½% recorded in our last survey. The average level of salaries reported was also little changed – was even a little lower – from what was reported in our last survey.

Of course, this may be the result of a significant – and most welcome – increase in the number of Members who responded to the survey. This year we had 114 replies against 86 last year. So we have to bear in mind that comparisons between the two may reflect the different composition of the populations as much as a lack of change in typical rewards.

Salaries and Financial Compensation

Table 1 shows the distribution of salaries, including income from self-employment, and of total cash compensation (TCC), adding in salaries, bonuses and the value of any shares received, and compares these with last year's results.

We can immediately see that the proportion of replies from those earning less than the average is higher in this year's survey, and a crude re-weighting suggests that this may account for most of the apparent fall in average salary. However, even an unchanged average salary would scarcely escape characterisation as *plus c'est la même chose*. And, while average TCC is higher than last year – reflecting somewhat higher bonus payments – median values for both salary and TCC are lower.

While last year we could take comfort from the low levels of inflation in the economy more generally, the comparison this year is less comforting. The uncertainties following the 'Brexit' decision have seen the exchange rate fall and prices rise. The Consumer Price Index, which barely increased from 1st Quarter 2015 to 1st Quarter 2016, had in the year to 1st Quarter 2017 risen by 3%. Business economists were not alone in suffering from the pick-up in inflation. The increase in Whole Economy

Table 1: Salaries and total compensation

Salaries			Total cash compensation		
Range (£K)	Percent of replies		Range (£K)	Percent of replies	
	2017	2016		2017	2016
<=40	7	8	<=40	7	6
41- 60	22	20	41- 60	17	17
61- 80	22	15	61- 80	21	14
81-100	23	16	81-100	22	14
101-120	7	9	101-120	8	5
121-140	2	9	121-140	5	10
141-180	14	18	141-200	13	16
>180	10	5	201-300	9	12
			>300	7	6
Average (£K)	94.9	98.9		143.1	135.9
Median (£K)	80.0	88.5		98.6	99.7
Maximum (£K)	320.0	202.0		903.0	680.0
Minimum (£K)	28.0	13.5		28.0	13.5
Number of responses	114	86		114	86
Median Reported increase (%)	2.0	2.0		2.9	2.5

Average Weekly Earnings, including bonuses, for 1Q17 were only about 2½% up on 1Q16, and earnings in the Finance and Business Services sector rose less, by about 2%.

Earnings by Sector

Table 2 shows salaries and TCC by sector. It also shows that most of the increase in the number of replies was from respondents in Financial

Table 2: Earnings by sector

(Money Values in £K)	Financial Services	Consulting	Other private Sector	Public Sector¹	Other
Respondents 2017	40	27	12	28	7
2016	30	25	13	13	5
Average salary² 2017	114.5	97.4	85.1	71.1	85.1
2016	108.1	116.3	79.2	71.3	80.5
Maximum 2017	320.0	200.0	150.0	144.0	145.0
Minimum 2017	33.0	45.0	47.7	28.0	30.0
Median 2017	92.5	74.0	72.0	66.0	93.0
Average total cash Compensation³ 2017	195.5	116.5	106.3	71.9	85.4
2016	184.8	145.2	89.1	72.6	81.7
Maximum 2017	903.0	340.0	270.0	144.0	146.5
Minimum 2017	34.8	45.0	47.7	28.0	30.0
Median 2017	130.0	84.1	90.8	66.0	93.0
No. Receiving Bonus	37	24	11	11	3
Average bonus⁴ 2017	76.8	20.8	20.2	2.0	0.5
2016	61.1	38.1	11.2	3.4	3.0
No. Receiving shares	13	4	3	0	0
Average value⁴ 2017	30.4	4.5	11.0	N/A	N/A
2016	31.2	0.0	3.4	N/A	N/A

Notes: 1. Includes 6 respondents in Academic Sector in 2017 and 2 in 2016. The average salary reported in 2017 for the Academic Sector was £63.7 2. Including self-employment income 3. Total cash compensation includes bonuses, shares and options received 4. Of payments received.

Services and the Public Sector, with little change in the number of replies from those in other sectors. We have again included the six respondents from Academia (up from three last year) with other Public Sector respondents. The Other Sector includes members working in more than one sector, along with some working in media and non-profit organisations.

Just as in our last survey, despite the modest changes overall, there were some quite large changes in average reported salaries in individual sectors, some up and some down, in all except the Public Sector, and, this year, the highest average salary was to be found in Financial Services and the lowest in the Public Sector. The changes in average TCC by sector show a similar pattern, and average total compensation was again highest, by a margin, in the Financial Sector. However, it is hard to read anything into these changes other than the result of a changing population of respondents.

Bonus Payments

The proportion of respondents who reported receiving a bonus this year was about three-quarters, the same as last year, but the average bonus received was a little higher, at £41,700, than last year's £40,800. There were ups and downs in individual sectors, but, despite their higher level overall this year, bonuses made up only about 30% of average TCC, against 33% last year.

Share Schemes

Schemes offering employees shares in the enterprise are much less common than bonuses, with only some 17% of respondents this year reporting being in such a scheme, and, of course, none in the Public Sector. This was slightly down on last year, but the average value of shares and options received by all those in a scheme was about the same, at £22,300.

Pensions and Other Benefits

Table 3 shows, for each of the five sectors identified, the number of respondents who participated in pension schemes and received other benefits. Once again the great majority – 97% this year, against 94% last – report having some kind of pension arrangements, but the proportion in a defined-benefit scheme has fallen back from last year's 30% to 23%, more in line with previous survey results. The proportion of respondents

Table 3: Pensions and other benefits by sector

Number of Respondents	Financial Services	Consulting	Other Private Sector	Public Sector ¹	Other
Pensions					
Number in a scheme	39	25	12	28	
Percent of total	98	93	100	100	100
Defined benefit schemes	3	2	0	21	0
Defined contribution schemes	27	15	10	5	5
Multiple schemes	9	8	2	2	2
Other Benefits					
Medical Insurance	31	9	8	2	3
Company car	3	2	4	1	1
Miscellaneous	14	6	3	5	1

1. Includes 6 respondents in the Academic Sector.

in non-contributory schemes was also lower, at 14%, than the 16% recorded last year.

The table also shows the numbers reporting other benefits in kind last year, which are broadly similar as a proportion of all replies to those reporting such benefits last year. Thus 46% of respondents report receiving some form of medical insurance, against 50% last year, some 10% reported having a company car, against 13% last year, and 25% reported receiving various other benefits, against 29% last year. If we assign reasonable values to these other benefits, where the respondent has not done so, they were worth on average around £4,000, rather less than last year.

Activity and Salary

Table 4 shows the numbers primarily engaged in each of the activities we had listed and the median salary received by those engaged in each activity. As in the past where it seemed appropriate we have re-assigned a few of the instances where a primary activity was reported outside those listed; for example, ‘commercial advice’ has been classed under ‘Business Planning’. The responses classed under ‘Other’ included academic teaching and research, and those engaged in journalism and non-economic management activities such as relationship management.

Table 4: Salary and Activity

Activity	Number of respondents		Median Salaries (£k) ¹	
	2017	2016	2017	2016
Forecasting & Modelling	27	25	62.0	85.0
Business Planning	13	7	74.0	60.0
Market Trading & Fund Management	13	9	100.0	90.0
International Analysis	13	10	61.3	82.7
Public Policy Analysis	18	14	62.5	68.1
General Management	23	20	108.0	115.1
Other	7	1	100.0	64.0

Notes: 1. Including self-employment income

Of the principal activities reported general management continues to engage many respondents, alongside some of the more analytical activities, and the median reported salary received by those in general management continues to be the highest. But the range between highest and lowest paid

activities continues to fall, down to £47,000 this year against some £55,000 in our last survey and £79,000 in the year before that.

Demography and Salary

Table 5 shows how gender, age and length of service are reflected in the pay of business economists. We remarked that in Table 1 the overall median reported salary in this Survey was lower than in the 2016 Survey, and it is notable that this is reflected in the median salaries reported for all the categories into which we have divided this year's respondents (except, just, for those who have been with their current employer for more than 20 years).

Table 5: Salary and demography

	Number of Respondents		Median Salaries (£k) ¹	
	2017	2016 ²	2017	2016
Men	97	73	85.0	90.0
Women	17	11	75.0	87.0
Age (yrs):				
Under 35	34	22	54.7	55.7
35-55	53	53	90.1	98.0
Over 55	24	11	97.1	140.0
Service (yrs):				
Under 10	84	60	73.7	83.8
10-20	18	18	95.0	119.0
Over 20	9	8	94.2	93.5

Notes: 1. Including self-employment income. 2. Two respondents did not identify gender.

Although the number of responses from men increased by more than those from women, the proportionate increase was greater for women, so that in this year's survey women make up 15% of respondents, a little more than last year. However, the median reported salary for women fell significantly more than that for men, so that the margin in favour of men was higher again this year. The 'pay gap' seems firmly back on the agenda after its ten year absence from our surveys.

Looking at the age profile of respondents this year, most of the increase in replies has come from younger and older members. Median reported salaries are lower for all age groups – markedly so for older respondents.

This year has also seen a marked increase in replies from those who have been in their present employment for less than ten years, while the numbers of respondents who have served longer than ten were about the same as in 2016. Median reported salaries were lower than last year except, as noted above, for those with over 20 year's service. It seems that experience and loyalty have protected respondents from a difficult time for pay, a notable change from previous surveys – *et pas du tout la même chose!*