



## **XpertHR Weekly Podcast**

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- Susan Dennehy: Hello and welcome to XpertHR Weekly with me, Susan Dennehy. This week we published our annual salary survey of HR professionals. With me to discuss the findings of the latest research is Mark Crail, content director and head of salary surveys for XpertHR. Welcome Mark.
- Mark Crail: Hello Sue.
- Susan Dennehy: So Mark, can you tell us a little bit about the survey? [0:00:26.3]
- Mark Crail: Sure. Well, this is a really busy time of year for reward professionals. Around two-thirds of all pay reviews take place either in January or April, so there's a lot of work to do this side of Christmas. They need to know what other employers are doing, whether the salaries their organisation pays are broadly in line with the wider market and so on.
- So every autumn we conduct a number of salary surveys covering core business roles – that's sales, marketing, finance, IT roles, the sorts of jobs you get in most bigger companies.
- The first survey in that sequence covers HR professionals themselves. So as well as helping to inform pay reviews, it's also of personal interest to many people listening to this podcast. We all want to know how our pay compares with that of our colleagues.
- Susan Dennehy: Now am I right, Mark, that it looks at a broad range of job functions from payroll, pensions administration to HR generalist in a number of broad sectors, both public, private and third sector, and it's from HR director downwards? [0:01:16.1]
- Mark Crail: Yes it does. It covers everything from entry level up to board level. A whole gamut of HR functions. So whether you're in recruitment, whether you're in reward, whether you're in organisational development we've got data on there. It's a fairly big survey. You can cut it down to very fine levels so you've got some really good data to compare against, no matter what industry you're in, no matter what level you're at, no matter what sort of functional area you're in within HR.
- Susan Dennehy: So what are the headline findings then from the survey? [0:01:41.3]
- Mark Crail: Well it looks very much as though pay for HR professionals is moving along pretty well in line with that of other professional groups. So just looking at basic pay, the average increase for HR professionals over the past twelve months has been 2.4%. To give you some context,

finance department professionals saw their pay rise by 2.5% and those rates are fairly typical for white collar roles at the moment.

When you take into account bonus payments as well, the average increase for HR professionals has been just a little bit higher than that at around 2.6%.

Susan Dennehy: And how's that compared to other years? [0:02:09.6]

Mark Crail: Well it's quite interesting because this time last year pay was moving along at about the same sort of rate. There was one big difference. In 2014, inflation was running at just over 2%, and that meant those pay rises were simply wiped out by the impact of rising prices. Fast-forward to now, 2015, and inflation's all but disappeared. Depending on the measure you use, whether it's RPI, CPI or whatever, the most recent figures show it as zero or even a little less. So any increase in pay translates into more purchasing power. People are – or at least they ought to be – feeling just a little bit better off this year. That's good news for employers who aren't having to dig around to find ways of funding big pay rises, and at the same time it's good news for HR professionals who are getting real terms increases in their pay packet.

Susan Dennehy: So the pay increase isn't going to be eroded by inflation increases. That's good news.

Mark Crail: Absolutely.

Susan Dennehy: And are there any real stand-out findings from this year? [0:02:58.6]

Mark Crail: I have to say there's very little variation in pay movement for different groups within HR this year. Whether you look at seniority, speciality, location or industry, it's all moving along at roughly the same rate. But one set of figures really does jump out of the page for me and that's around bonuses. Around 45%, just under half of all HR professionals, get a bonus of some sort, and the average payment's a little bit over £4,000.

As you'd expect, the level of bonus pay-out rises with seniority, just as salaries do, but the slope upwards is relatively gentle, right up until you get to board level, and at that point the average bonus is a hefty £52,000, which is three or four times as big as for senior HR managers at the next level down. In pay terms, within the HR profession there's a huge disconnect opening up between directors and everyone else.

Susan Dennehy: So as you say, Mark, the bonus for directors was just about £52,000 and as you went down the list it was very interesting to see that bonuses roughly halved as you went down the list of job roles. [0:03:50.4]

Mark Crail: It does. That's a fairly clear pattern. Actually, if you look at it the other way up, if you start at the bottom and work upwards, it's doubling each time. That means actually it's not rising in a linear way; it's rising exponentially.

Susan Dennehy: Yes.

Mark Crail: So when you get to that board level it just absolutely takes off.

Susan Dennehy: So how is the coming year looking? Will HR professionals continue to see their salaries increase in real terms? [0:04:08.8]

Mark Crail: Unfortunately the answer's probably not. There's no real pressure on employers to come up with bigger pay rises at the moment. Even though we have historically low levels of unemployment and even skills shortages, employers aren't convinced that they need to throw money at that problem. So the companies we talk to at XpertHR are expecting to pay around 2% or maybe just a little more again this coming year.

Meanwhile economists are almost united in expecting inflation to head upwards in the coming months. Don't forget the Government wants to see inflation at 2% and that's what the Bank of England's trying to achieve in the way it manages the economy.

So pay rises at around 2%, inflation also back up at around 2% means we're right back to where we were with real-term's pay virtually static. Of course, if inflation goes up we can expect interest rates to start rising. So it's a double-whammy if you've got a mortgage to pay.

Susan Dennehy: So it's a very mixed picture, isn't it? And how would you sum it up? [0:04:55.4]

Mark Crail: I think probably three points on there. Firstly, over the past year HR professionals have on the whole enjoyed rising real-term's pay. And that's in common with many other professional groups.

Secondly, we can't rely on that continuing, particularly if the economy heats up.

And thirdly, in pay terms, HR directors are beginning to occupy a whole different world to their colleagues in the profession, and that raises a whole lot of other issues aside from pay.

Susan Dennehy: And I gather, Mark, that there's going to be more information coming out from this survey. [0:05:22.6]

Mark Crail: There is. We've started to do some gender pay gap analysis ahead of the legal requirement that we're expecting to come in next year for employers to publish on that area. We will be reporting our findings certainly in the salary survey reports that are online. We'll also be running a webinar on gender pay gap reporting. But there's some very interesting stuff coming out there. It does look very much as though the gender pay gap is relatively contained, relatively small, at junior levels of most organisations, but it's when you hit that senior management level, that's where the real gap opens up and that gap there at that level accounts for most of the gender pay gap for the whole organisation.

Susan Dennehy: So if people want to find out more about salary surveys, how should they go about it? [0:06:03.7]

Mark Crail: Well I'm sure you'd expect me to say there's lots of information on XpertHR.

Susan Dennehy:

I would!

Mark Crail:

There is. We list all the surveys we publish and the sorts of jobs which fit into them, but if you go to [www.xperthr.co.uk/salariesurveys](http://www.xperthr.co.uk/salariesurveys) you can also have a play around with the sample survey that we've got there. That gives you full access to all the different data tools we produce but with dummy data so you can see how it all works and, of course, if you contact us we're always happy to answer questions or show you how the surveys and the data can help you.

Susan Dennehy:

That's very helpful. Thank you very much, Mark.

Mark Crail:

You're welcome, Sue.

Susan Dennehy:

That brings us to the end of this week's Xperthr Weekly, which you've been listening to with me, Susan Dennehy. We're back again next Friday but until then, it's goodbye from us.