



**Dober Partners**  
Executive Search  
& Consultancy

# — **European Trade Association Compensation & Benefits 2020**

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**2ND EDITION**

Dober Partners is an Executive Search & Consultancy firm operating in Brussels, Geneva and around Europe, since 2010. Unusually our entire team has served on Association Boards in different roles, including Director General, Director of Communications, Director of Public Affairs and Chief Operating Officer.

Our specialism is the recruitment of association and corporate affairs executives. We are independent specialists who don't have to support an expensive HQ, costly network and outside shareholders. Our overheads are lower and our focus is clear. We recruit better candidates, faster. We also provide specialist research and consultancy services to European associations.

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# — Introduction

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If you lead or work in a European association secretariat, I wrote this report especially for you. If you are a Board member of a European association this report is essential reading too, particularly if you live outside Belgium, as you will discover the cost of recruiting association talent with high Belgian taxes can be much higher than where you live. This report is dedicated to the more than 13,400 people who work in all manner of associations in Brussels but it is focused on the business association sector.

At Dober Partners we specialise in the recruitment of senior staff who typically either lead the association or work in key policy, communication, operations or regulatory roles. Through regular contacts with clients and candidates we have amassed considerable knowledge on compensation packages in Brussels, across sectors and seniority levels. This report is a product of this decade of knowledge and experience combined with the largest ever Brussels association remuneration survey completed in summer 2020. Thank you very much to the 410 people who participated in this research.

I lead Dober Partners the specialist executive search firm and consultancy for associations in Brussels. Despite the virus, many organisations are seeking our help to recruit communication, public affairs and leadership talent. Our city is finally emerging from an intense lockdown and despite the gloomy news there is cause for optimism that the EU will emerge stronger from this crisis.

It should be no surprise that salaries in European associations sector are generally quite high given their strategic importance. European associations have always fulfilled a critical role in shaping the policies and regulations affecting the sectors they represent - as well as defending and enhancing their reputations. As I write these words during the coronavirus crisis, never have businesses and associations needed to engage with European governments and the EU more than now.

According to McKinsey superior talent is up to eight times more productive. Conversely the potential damage of a bad hire can be enormous where adverse regulation or negative reputations can cost literally billions. Therefore, recruiting, retaining and adequately remunerating top talent are strategic priorities for European associations.

These topics will be covered in this report.

In Brussels there is a certain opaqueness over remuneration, as for example, salary ranges are almost never stated in job advertisements (unlike in many national capitals) and there is a natural cultural reticence over discussing money. After releasing my last report on European Association Remuneration I was greeted by a mixture of emotions. Some people thanked me for helping a difficult salary negotiation with their boss, others said some of the salaries were too low and others said they were too high. In broaching such a sensitive subject as how much people are paid, implying how much they are "worth", we expect to court some controversy again. However, shedding light on where there is darkness may help address certain issues around fair pay for similar work, including the gender pay gap.

Naturally readers will be most interested in the highest salaries. We have tried to satisfy this appetite without over-sensationalising or distorting normal salary bands. Hopefully, this report will inform association employers and employees with some (but not all) of our insider information.

The key finding of my previous remuneration analysis was that salaries in Brussels vary enormously, not just between sectors but between organizations in the same sector. Some of these variations are easy to explain by relative size, wealth and importance of the organizations their staff represent, other times 'Lady Luck' seems to have played more than her fair part. We must emphasize these findings again in this report. There are a number of additional key elements of association working life presented here, including on job satisfaction and staff retention.



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"This report is a product of this decade of knowledge and experience combined with the largest ever Brussels association remuneration survey completed in summer 2020. Thank you very much to the 410 people who participated in this research."

One other key variable, particularly at the senior level, is whether secretariat staff are employed as independent contractors or salaried employees. As headhunters this is an issue we encounter frequently, and to find the right solution, we recommend and work with the top HR legal experts at Claeys & Engels. Therefore, in this updated 2nd edition I am delighted to include two new insightful articles from Sylvie Dumortier (Tax Counsel) and Sophie Maes (Partner) of Claeys & Engels on Legal and Tax Considerations for Independent Contractors on Pages 30 to 33.

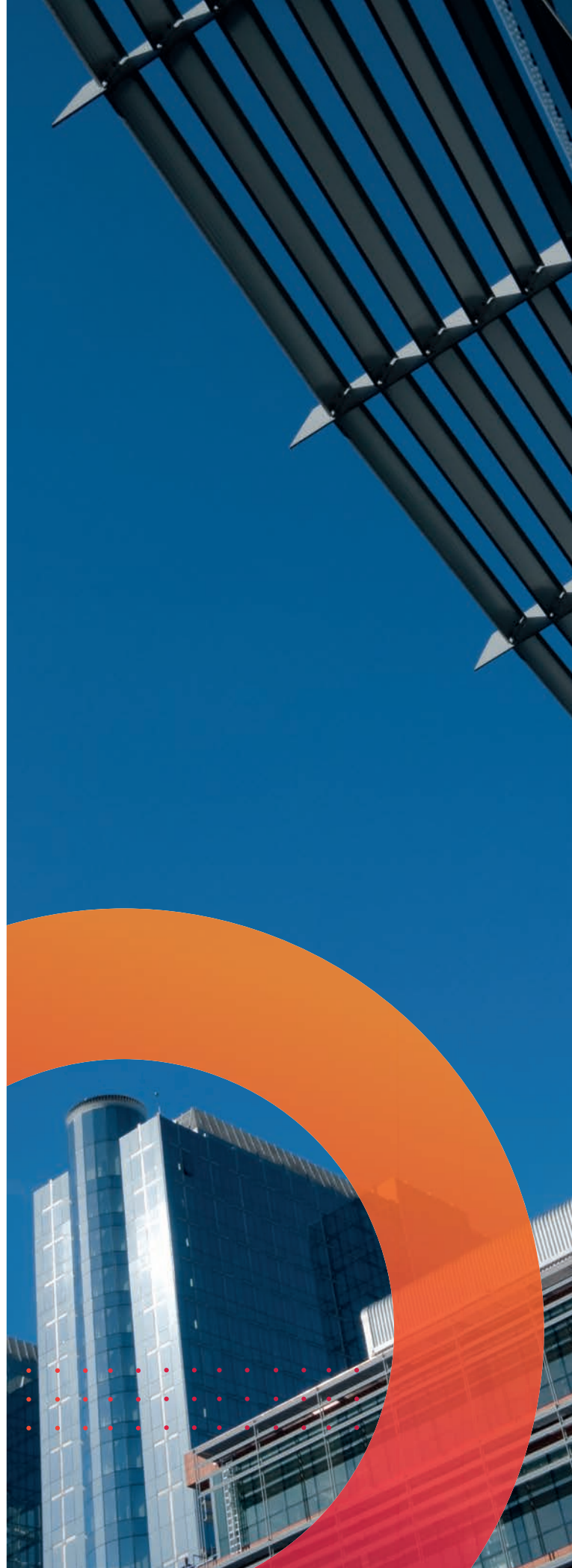
So a word of caution to our readers – please be happy with what you have, rather than unhappy with what others might seem to earn. In my experience, money is only one part of overall job satisfaction, it is also about having positive colleagues and bosses, work/life balance, job autonomy, career development opportunities, job security, and possibly even a higher purpose to what you do. European association jobs typically tick many of these boxes. So my advice is enjoy what you have, and appreciate the fact that you are in one of the world's most interesting cities to work.

Yours sincerely



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# — The European Trade Association Sector in Brussels

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Brussels ranks as the first capital in the world in number of international associations, and this number continues to grow. Trade associations constitute the largest individual group of entries in the EU Transparency Register and tend to consider Brussels as their natural home. Their composition, vocation and outreach vary considerably due to their particular histories and EU competencies covering their sectors.

Trade (or business) associations represent private businesses. It is those private businesses that are going to create the profits and employment that will restore the European economy to growth and help reduce the massive public sector deficits deepened by the coronavirus.

Most European trade associations are registered as international not-for-profit associations under Belgian law. Approximately 60% are traditionally pure federations, composed of national associations; 25% are composed of national associations and companies; and around 15% have exclusive direct company membership. Their budgets and staff size often depend on the nature of the business sector that they represent, the degree to which their industries are regulated, and who is in charge.

Since the Global Financial Crisis of 2008 Brussels has become an even more important centre for European business and trade associations to engage with policy-makers. Over the last decade there has been a growing sense of community, common purpose and professionalisation of the sector in Brussels.

The trade association sector contributes hundreds of millions of euros to the Brussels economy, and fosters better EU policy-making for business and society. In total there are 536 European trade or business associations with a secretariat in Brussels according to the EU Transparency Register in June 2020.

These 536 European trade associations do not include three other types of associations identified in the Transparency Register with a Brussels presence (who also count among our clients), namely:

- **Professional associations (e.g. FERMA - Federation of European Risk Management Associations)**
- **National trade associations (e.g. VDZ - Association of German Magazine Publishers)**
- **NGO not-for-profit associations (e.g. EHN – European Heart Network)**

The core of this salary report is based on an indepth survey we finalized in summer 2020 of 410 secretariat staff at varying levels of seniority including 150 association leaders. This sample size gives an accurate representation of the range of compensation and benefits available to staff of these 536 trade associations in Brussels. Thank you to everyone who participated in our survey.

The reason we chose not to include these other associations in our survey is that pay scales vary greatly in these other categories. For instance, German and Italian trade associations pay much higher salaries than those from Eastern Europe in line with local pay culture. Salaries are also generally much lower in NGOs driven by a social or environmental purpose for instance. We will publish relevant salary data for these segments in future editions – watch this space.



# — Job Satisfaction Working in Brussels Trade Associations

We spend one-third (or more) of our days at work. Work defines us as people, such that when we aren't happy at work, other areas of our life suffer.

Yet 85% of workers worldwide admit to hating their jobs when surveyed anonymously, according to a recent Gallup poll. Overall, Gallup found that only 15% of workers feel engaged by their jobs i.e. they feel a sense of "passion" for and "deep connection" to their work, spending their days "driving innovation and moving their organisation forward."

We know that talking to association staff over many years that the Brussels association community is a generally happy group of people who tend to be really engaged in their work. There are many reasons for this measure of job satisfaction which include working with an interesting group of colleagues from different countries on challenging issues, relative job security and a reasonable work-life balance.

This thesis was proven for the first time in my 2016/17 study of Brussels-based associations, where almost 75% of secretariat staff reported being happy or very happy. Fortunately, this number has actually increased slightly in 2020 despite the Brussels lockdown when 77% of 410 association staff told us they are either happy or very happy! While a few people told us they were unhappy, only 1% told us they were very unhappy in their current role!

The 2020 edition of the World Happiness Report puts Belgium in 20th place better than France, Spain and Italy but behind Finland, Ireland and Germany. Brussels ranks 40th in the Global Ranking of Happiest Cities behind Helsinki, Zurich and Washington but ahead of Barcelona, Paris and Prague. The Report finds generally that although "those in well-paying jobs are happier and more satisfied with their lives", that effect has diminishing returns - "an extra €100 of salary is worth much more to someone at the lower end of the income distribution than someone already earning much more."



**77%**

Of staff told us they are either happy or very happy

## — The European Trade Association Happiness Quotient

Very Happy



Happy



OK



Unhappy



Very Unhappy



# — Rewarding Trade Association Staff & Bonuses

Overall European association salaries are considerably higher than those found in the general Belgian economy, reflecting the premium paid for European affairs positions, which attract high calibre staff from around the European Union.

Compensation and benefits form the focus of this report but recognition and appreciation are also key elements in retaining top employees. Recognition is based on past performance - it is about giving positive feedback based on performance which might be expressed formally (through an award, bonus, promotion or raise), or informally (e.g. a personal handwritten note, or a public mention in a team email or staff meeting). Appreciation involves continuous steps to build a strong foundation where an employee feels valued and respected over the long-term.

Looking at online discussions on Belgian tax provokes a sad smile to see one post entitled "How can the Belgian government take two-thirds of my bonus?" Indeed,

Belgian taxation and high employer social security charges partly explains why associations do not tend to award high bonuses. Moreover, the room for manoeuvre for bonuses is limited in a not-for-profit setting where overall association revenue usually moves upwards slowly in small increments. Also, many European associations reliant on income from congresses are suffering financially due to COVID-19 cancellations. Overall project funding from stressed corporate members is also reduced in 2020. However, the clear majority of all association staff (57%) receive an annual bonus, and around one quarter receive a really meaningful bonus of 5% to 12% of annual salary.

Clearly larger bonuses are an attraction for association staff wanting to move to corporates, as well as stock option and restricted stock units which are simply not available to association staff. However, we have noticed a number of creative associations use Warrants, as an alternative incentive scheme for secretariat members which is a relatively tax efficient way to reward the most valued staff.

## — Annual bonus as % of gross salary

0% as not eligible for a bonus in 2019 (eg. recently started work) but I do expect to receive a bonus in 2020

5% of all association staff surveyed

0% as an annual bonus is not part of my typical compensation

43% of all association staff surveyed

1% - 4%

17% of all association staff surveyed

5% - 8%

14%

9% - 12%

12%

13% - 16%

4%

17% - 20%

2%

21% - 24%

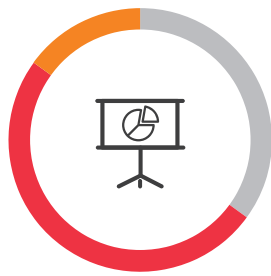
1%

More than 24%

2%



### – How association's calculate performance-based bonuses



- 35% Individual performance
- 15% The association's overall collective performance
- 50% Individual performance and the association's collective performance

### How association's calculate performance-based bonuses

One question we asked our survey sample was if they received an annual basis, was it either based on:

- Individual performance
- Or the association's overall collective performance
- Or individual performance and the association's collective performance

Both individual and collective bonus systems have their benefits. While individual bonuses have a greater incentive effect, collective bonuses can lead to a lower turnover, greater loyalty and a willingness to work hard. So this is an important question for anybody setting up or reviewing their bonus system, as research shows that the last option is usually the best. However, evidence also shows that there is no 'one-size-fits-all' approach. Every system has its pros and cons, and what may be advisable in a small secretariat of 5 people may be very different in a well-funded association of 50 staff for instance. However, it would seem that a bonus based on individual and collective performance works best in the not-for-profit setting of an association, and it is interesting to observe that is what happens in around one half of trade associations according to our research.

Evidence suggest that in order for incentives to be efficient, they should correlate closely to performance which is perhaps easier with individual bonuses. Staff can see clearly how their efforts contribute to results and thus their bonus. However, they can also potentially detract from collaboration, teamwork and the atmosphere at work, if staff become too focused on their own performance and too competitive.

Another option is the implementation of team-based bonuses. As a Vlerick study points out the benefits of this system include increased teamwork and cooperation, increasing flexibility and encouragement of information-sharing. An important condition, however, is that work should be organised around teams and generally it has been shown that

equitably distributed rewards (recognising individual performance differences within the team) lead to better results than equally distributed rewards. However, only the largest associations have teams of sufficient size to implement team-based pay so the more realistic option for most associations is to tie employees' rewards to the collective performance of the association overall. Research shows that rewarding collective performance is linked to lower turnover, greater loyalty and willingness to work hard.

Employers in Belgium can create a collective performance bonus plan for associations, based on the act of 21 December 2007 and collective labour agreement n° 90 (CLA n° 90). Further information can be found at the Belgian government website [www.plansbonus.be](http://www.plansbonus.be)

If the benefit does not exceed a certain threshold and fulfils a number of conditions, the bonus system enjoys favourable treatment with regard to tax and social security. Thus the allocated benefit is not subject to withholding tax up to the threshold, is tax deductible as an operating expense and is not, for example, included in calculations of an indemnity in lieu of notice and holiday pay. At the time of introducing the bonus plan, it should be uncertain whether the results or objectives will be achieved;

"We recommend to pay for individual and collective performance because there is clear and consistent evidence for a positive effect of financial incentives on performance quantity and quality. This can be implemented through merit-based pay and variable remuneration systems...While individual bonuses have a larger incentive effect, collective bonuses can lead to a lower turnover, greater loyalty and a willingness to work hard."

Future House Of Rewards –  
Vlerick Business School



## — The Benefits of Working in Associations

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Although highly taxed there are a number of perks and benefits available to association staff in Belgium, which are less common elsewhere. For instance, cars In Belgium with the free use of fuel are fairly common for senior staff due to their relatively favourable tax treatment. According to our research, meal vouchers, group pension plans, phones and private healthcare insurance are available to the majority of mid to senior salaried employee secretariat staff across all functions and roles.

Many of these benefits are pretty standard the higher up the value chain you go for salaried employees. In future editions, we will take a closer look at these benefits in closer detail but they should be mostly self-explanatory, if you live in Belgium but let's discuss briefly cars, representation allowances and warrants as they merit special attention.

### **Cars**

Around Europe company cars have generally been phased out as a standard part of benefits packages but not so in Belgium. The HR company SD Worx recently reported from research across 100,000 Belgian employees that one in three has a car lease paid by their employer. They found the average list price of the cars was around €32,000 which explains why we see so many nice cars on the road here! In 2019, one-third more new cars paid by their employers were registered than five years ago. It was estimated pre-coronavirus that 100,000 company cars enter, exit or are driven within the Brussels region every single day. Some believe that the treatment of cars is far too generous in Belgium, and both the OECD and the European Commission have criticised the tax benefits associated with company cars in Belgium.

However, there are three main reasons why employers offer cars. First, the association job market is increasingly competitive and certainly for senior salaried employee positions a car is often seen as a standard part of the package. Secondly, those who already have a car paid for by their employer do not want to lose it and they demand one when they change employer but the most important reason is the favourable tax regime in Belgium. However, the tax benefit has shifted to eco-friendly cars, especially electric vehicles.

An alternative is the mobility allowance introduced in 2018 to facilitate a shift to greener transport. More commonly known as the 'cash for car' measure, it allows employees who have an employer-paid car, or who qualify to have one, to relinquish it in return for a sum of advantageously taxed cash. This amount depends on the value of the car that is handed in, and rises if a fuel card is available. During the coronavirus lockdown an additional 40km of cycle paths were added in the Brussels region, and speed limits were lowered for cars to 30 km per hour on many roads. So if you hate traffic jams, want to keep in shape and contribute to cleaner air, I suggest like me you sell your old diesel car and bike to the office please! Tax-efficient and eco-friendly ebikes and electric cars are the way go too for those longer journeys.

### Representation Allowance

One other tax-efficient benefit is the 'Frais de representation'. Such lump sum cost allowances are not subject to social security contributions and personal income taxes, provided that the employer can demonstrate that the reimbursed lump sum expenses represent actual costs, and are established according to reasonable standards. Given that working in an association is all about representing an entire sector to some very important stakeholders, It is surprising that so many mid-to-senior staff in associations do not benefit from this allowance, or it is set at a very low level. If this is the case I humbly suggest you ask for a proper review with your accountants.

### Warrants

Warrants are another peculiarly Belgian benefit which not many associations give in their overall package. Warrants typically track European stock exchanges, and the main advantage is that they are exempt from social security contributions so are definitely worth a closer look by association leaders and discussing with your bank.



#### As my bank BNP Paribas Fortis says on their website:

A warrant has the same economic characteristics as an option. An option is a financial derivative consisting of a transferable contract that grants the holder the right, though not the obligation, to purchase or sell a given amount of a specific asset at a predetermined price (the exercise price) on the contract maturity date. This is how it works:

1. As the employer, you buy warrants from the issuer.
2. You award these warrants to your employees as a bonus.
3. Your employees now have three possibilities:
  - to sell their warrants as of the next day for their stockmarket value, bearing in mind the risk of a very limited market (of one night only);
  - to keep their warrants and sell them at a later date, but before the expiry date (ten years later);
  - or to exercise their warrants and to convert them into shares in the underlying investment fund at the exercise price specified in the contract.



### – The Benefits of Working in Associations (% of salaried employee staff at all levels of seniority)

Meal Vouchers (Cheque repas)



Group pension plan paid for by the association



Private healthcare plan paid by association (e.g. DKV)



Smartphone paid for by your employer



Mobile phone bill allowance



Public transport allowance



Eco vouchers



Car lease paid by your association



Petrol card



Home internet



Representation allowance of €151 - €300 per month



Representation allowance (i.e. lump sum exempt from taxes) of less than €150 per month)



Training or educational allowance



Annual bonus in the form of warrants



Gym membership



Bicycle allowance



Representation allowance of more than €300 per month





# — European Trade Association Job Titles & Functions

“What’s in a name?” As Juliet said of Romeo: “that which we call a rose by any other name would smell as sweet”. The question is a profound one, as perhaps names or titles themselves do not hold worth nor meaning, and they simply act as labels to distinguish one person from another. Indeed we often tell clients that titles are for free, whereas salaries cost real money! However, job titles are also badges of authority.

Not having the correct job title appropriate to your position, duties, authority, and achievements can undermine your standing both inside your association and with policy-makers and external stakeholders. Additionally, not getting the job title that you are due can hinder your pursuit of future career opportunities, both inside your current organisation and as a potential outside hire by other employers. You probably will be seen unfairly as someone who actually is at a lower level of achievement than the one you have attained.

When we looked at the structure of the largest associations there are typically up to 12 key functions listed below, with one, two or three levels of hierarchy. For instance, in the Policy department there may be a Head of Policy (also called Public Affairs or EU Affairs or Advocacy) who manages Senior Policy Officers and less experienced Policy Officers. In some associations there are even other departments with specialists ranging from statisticians to economists which are not covered here. The majority of associations in Brussels have less than six staff and can only dream of having such resources in depth!

We contacted around 1,500 European Association secretariat staff in these various roles. We had 410 completed surveys across most of these functions in what constitutes Brussels largest ever trade association salary survey. However, in four of the twelve functions our sample sizes were too small (sector groups, project management, membership and events) to present accurate data for this edition. Therefore this report focuses on the other eight core functions and roles within trade associations.



**If you would still like to participate in this research** during the course of 2020 please send a mail to [info@doberpartners.com](mailto:info@doberpartners.com) and we will send the survey which only takes around 5 minutes to complete.

## – European Trade Association Job Titles & Function

Function	Most common job titles
<b>Association Leadership</b>	<ul style="list-style-type: none"> <li>– Person leading the association secretariat i.e. Secretary General, Director General, Executive Director, Managing Director or CEO</li> <li>– Deputy Director General or Deputy Secretary General or Deputy Executive Director or Deputy CEO or Deputy MD</li> <li>– Head or Director of Public Affairs AND Communications</li> </ul>
<b>Policy</b>	<ul style="list-style-type: none"> <li>– Head/Director of Policy or Public Affairs or EU Affairs or Advocacy across the Association</li> <li>– Senior Policy Officer or Senior Public Affairs Manager or Senior Adviser</li> <li>– Policy Officer or Adviser or Public Affairs Manager</li> </ul>
<b>Communications</b>	<ul style="list-style-type: none"> <li>– Head or Director of Communications</li> <li>– (Senior) Communications Manager</li> </ul>
<b>Sector Group</b>	<ul style="list-style-type: none"> <li>– Director, Chief, Head, Executive Director or MD of specific Sector Group (specific Business or Policy Area)</li> <li>– Sector Group Manager</li> </ul>
<b>Regulatory Affairs</b>	<ul style="list-style-type: none"> <li>– Director or Head of Regulatory Affairs and/or Technical &amp; Scientific Affairs</li> <li>– (Senior) Regulatory Affairs Manager or Technical Manager or Scientific Affairs Manager</li> </ul>
<b>Legal Affairs</b>	<ul style="list-style-type: none"> <li>– Head or Director of Legal Affairs</li> <li>– (Senior) Legal Affairs Adviser or Legal Counsel</li> </ul>
<b>Trade</b>	<ul style="list-style-type: none"> <li>– Head/Director of Trade Policy</li> <li>– (Senior) Manager, Trade Policy</li> </ul>
<b>Sustainability</b>	<ul style="list-style-type: none"> <li>– Director, Sustainability or Environment and/or Climate Change</li> <li>– (Senior) Manager, Sustainability or Environment and/or Climate Change</li> </ul>
<b>Operations</b>	<ul style="list-style-type: none"> <li>– Chief Operations Officer (COO) or Head of Operations or Head of Finance &amp; Operations working closely with or in the Association Leadership Group</li> <li>– Office Manager</li> <li>– Finance/Administration/HR/IT Managers</li> <li>– Secretaries/Receptionists</li> </ul>
<b>Membership</b>	<ul style="list-style-type: none"> <li>– Head of Membership Services</li> <li>– Membership Manager or Marketing Manager or Sales Manager</li> </ul>
<b>Events</b>	<ul style="list-style-type: none"> <li>– Head of Events &amp; Conferences</li> <li>– Events &amp; Conference Manager</li> </ul>
<b>Projects</b>	<ul style="list-style-type: none"> <li>– (Senior) Project Manager</li> </ul>



# — Compensation & Benefits per Function

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## — Trade Association Leaders

It is perhaps obvious but important to be very clear that the most important person in any high performance secretariat is the association leader.

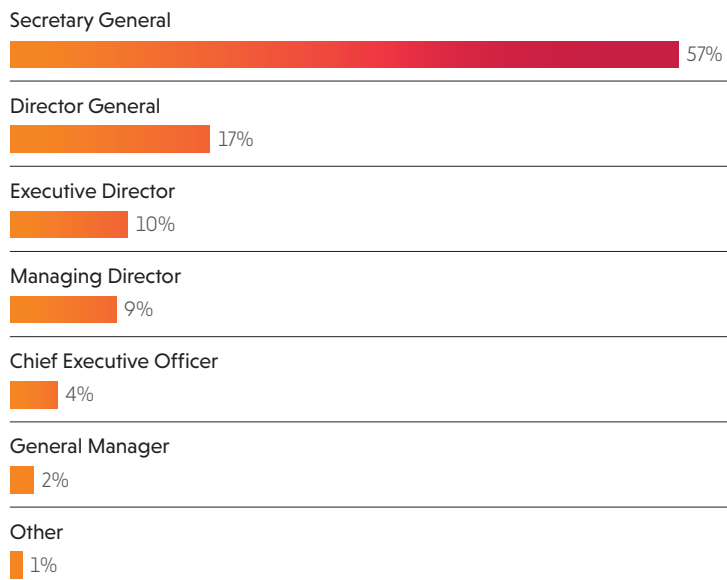
Indeed, my research and experience over many years confirms that the single most distinguishing factor between high performance and underperformance for an association is its leadership, or simply put the qualities of the person in charge on a daily basis. Meeting members' expectations, strategic planning and goal setting are by far the greatest challenges for association leaders. Hence, associations need strong leaders to set strategy and help find consensus between corporate members who compete with each other for market share, and member associations with very different cultures.

High performance secretariats are typically led by participative minded association leaders where results and open communications are valued. We found that those secretariats that engage in open debate are more likely to address critical issues, find solutions to problems, and develop innovative ideas.

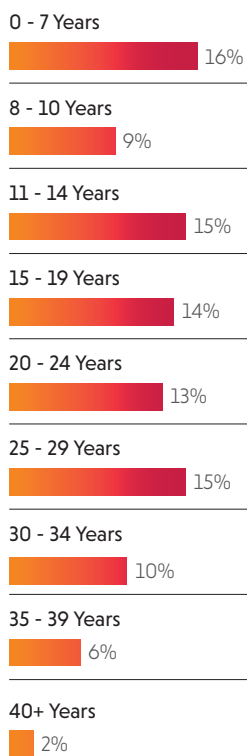
However, there are also a handful of associations with quite negative working atmospheres which are typically led by overly authoritarian leaders who stifle debate, and create an environment where mistrust, criticism and poor results prevail. These are the clear minority, thankfully as our scores on general happiness among association staff confirm. Indeed dare I say those 'old school' type leaders are generally creatures of the past, as tolerance for mediocrity and failure has been extremely low among the business community since the last global financial crisis, and even more so now since coronavirus.



### – Most Popular Titles for European Association Leaders



### – Association Leaders years of work experience since leaving university





### Trade Association Leader Job Titles

We looked at all 536 European trade associations in Brussels and the five most popular titles in order of popularity are: Secretary-General (or in a few cases General Secretary); Director General; Executive Director; Managing Director; Chief Executive Officer (or CEO or Chief Executive) and General Manager. There are literally just a handful of a few other titles that can be observed in Brussels; notably Executive Manager, Manager and Director.

Although still the most common title in European associations, it is interesting to note that in some cases the title "Secretary General" has given way to other nomenclatures in recent times. Now members expect the association's day-to-day leader to direct, as well as represent, the association and the title has evolved in some important associations accordingly. For instance, the Secretary General of BUSINESSEUROPE became the Director General (DG). Associations such as MedTech Europe or Invest Europe have gone further and have a Chief Executive Officer (CEO), while others, such as PlasticsEurope now has Managing Director, and Vaccines Europe has an Executive Director.

We surveyed 150 European Trade Association leaders between May and June 2020 with regard to their remuneration and fulfilment.

This leadership segment reported a higher life satisfaction than the mean with 83% reporting they are happy or very happy in their jobs, while 15% are just ok and only 2% unhappy. There are many reasons and interesting personal examples behind this data. In our one-to-one interviews we do find tremendous satisfaction amongst association leaders which is often explained by a strong sense of freedom to operate, and long term thinking, especially compared to corporate environments.

There are significant differences in the remuneration of association leaders depending on their financial, industry and membership base. There are even some who also multi-task and play leadership roles in their respective full service consultancies. We have encountered a number of leaders of smaller associations earning under €100,000 including some who work part-time. The majority earn substantially above this number with almost one third earning more than €200,000 in base salary alone and some even enjoy salaries above €400,000.

Overall there are four major factors explaining the large variation in association leadership remuneration:

- **1. Salary histories of the previous leaders in an environment where there are fixed annual budgets with typically small incremental upward movements;**
- **2. Size of association they represent, as determined by the numbers of members, the**

**number of staff employed in Brussels office or by the "wealth" of the sector they represent;**

- **3. Degree or impact of EU regulation governing a sector can be a factor in attracting senior talent to complex roles.**
- **4. The tax arrangements under which the leaders is employed, whereby independents usually earn much higher incomes than their salaried employee counterparts.**

This last factor will be of greatest interest to our readers, and we compare salaried employee versus independent leaders on the following pages.

### Men v Women Trade Association Leaders

Equal pay for equal work is an important consideration for any association to consider in its human resources management, especially at the top. The principle that men and women should receive equal pay for equal work has been enshrined in the European Treaties since 1957 but in the EU as a whole, women are paid, on average, 16% less than men. This is a complex area and gender pay gaps also reflect other inequalities, in particular, women's often disproportionate share of family responsibilities and associated difficulties of reconciling work with private life.

However, our survey gives some cause for concern in this respect. In our sample of 150 association leaders in Brussels around two thirds were men, and one third women. Given that we looked at 536 European trade associations in total, the data is very representative of the overall community. Interestingly in our sample female independent contractor association leaders actually earn slightly more than their male independent counterparts on average (€190,700 v €188,200).

However, in line with my previous research there is a statistically significant difference gender pay gap between salaried employee male and female association leaders. Given that around 70% of association leaders are salaried employees, and only 30% independent contractors this shows the gender pay gap among female association leaders to be more pronounced. According to our sample female salaried employee association leaders earn on average over €20,000 less base salary per year (€126,800 v €147,600) which is around 14%.

Nevertheless our general experience in Brussels is that women are considered equally alongside male candidates in salary negotiations, and that the association sector is relatively balanced compared to other white collar sectors. However, there is still some way to go in Brussels toward achieving greater diversity, particularly among association boards.

### Male association leaders

More than 90% of male association leaders are happy or very happy in their jobs.

There are only a handful of unhappy male association leaders and the rest are just ok.

The average salary for a male salaried employee association leader is €147,600 with an average bonus of just 3%. Over 40% of this segment do not receive any bonus whatsoever. Two thirds have a car lease paid by the association and almost 90% have a group pension plan paid by the association.

The average salary for a male independent association leader is €188,200 with an average bonus of just 2%. Over 60% of this segment do not receive any bonus whatsoever. However one in ten receive an annual bonus over 20%, and one in seven receive an annual bonus of around 10%.

### Female association leaders

Around 80% of female association leaders are happy or very happy in their jobs. There are no unhappy female association leaders and almost 20% are just ok.

The average salary for a female salaried employee association leader is €126,800 with an average bonus of around 6% (interestingly higher than the men!) and almost one in four receive bonuses in excess of 10%. Like the men over 40% of this segment do not receive any bonus whatsoever. Only one half have a car lease paid by the association but over 90% have a group pension plan paid by the association.

The average salary for a female independent association leader is actually higher than the men at €190,700 with an average bonus of almost 6%. Only 30% of this segment do not receive any bonus whatsoever. However almost one half receive bonuses in excess of 10%.

### Salaried V Independent Association Leaders

The data below reflects another inequality which is between association leaders who are paid either as salaried employees or independent contractors. Over the last five years, more and more association leaders are employed as independent contractors accounting for around 30% of the total, and a higher proportion among the top earners.

While there are certain advantages to being a salaried employee, including a degree of higher social protection, the benefits of being an independent contractor are manifold. These include the ability to deduct many types of business expenses that a salaried employee cannot, as well as saving significant amounts of money in social security potentially for the association, as well as the independent contractor.

By way of comparison the social security amount (on top of income and local taxes) to be paid by a salaried employee is 13% of the gross salary, while the employers' contributions account for around 25% leading to a combined social security bill of 38%. However, independent contractors on higher salaries pay a much lower rate of combined total social security capped at a maximum of around €17,000 in 2020. So if we take the example of a salaried employee association leader who earns €200,000 gross salary the cost to the association would be €250,000 including €50,000 employer's social security costs; while the employee would pay an additional €26,000 in employee social security. If an independent contractor invoices €200,000, however, he/she will pay the total social security bill up to a maximum of €17,000 compared to €76,000 as a salaried employee. The wild card here is VAT at 21% in Belgium. So if an association cannot deduct all or part of VAT on invoices from an independent contractor the benefit to the association is much less.

The data below highlights the differences between independent and salaried employee association leaders, regardless of sex, as this is a fairer comparison against which any gender gap may be measured.



## Independent Association Leaders

### – Base annual 'salaries' of independent contractor association leaders

Earn less than €100,000.



Earn €100,000 to €120,000



Earn €120,000 - €140,000



Earn €140,000 - €160,000



Earn €160,000 to €210,000.



Earn €210,000 up to €300,000



Earn €300,000 to €350,000



Earn €350,000 to €400,000



Earning more than €400,000



### – Annual bonus as a % of independent leaders' salary

0% as not eligible for a bonus in 2019 (e.g. recently started work ) but I do expect to receive a bonus in 2020



0% as an annual bonus is not part of my typical compensation



1% - 4%



5% - 8%



9% - 12%



13% - 16%



More than 17%





### Independent association leader benefits

As most independent association leaders operate their own management firms (srls) they tend to organize their own pension plans and don't receive salaried employee benefits like cheque repas. However, it is possible for associations to pay independents their car leases, phones and other costs as our research shows.

#### – Independent association leader benefits

Mobile phone bill allowance



Smartphone paid for by your employer



Public transport allowance



Petrol card



Car lease paid by your association



Private healthcare plan paid by association (e.g. DKV)



Home internet



Training or educational allowance

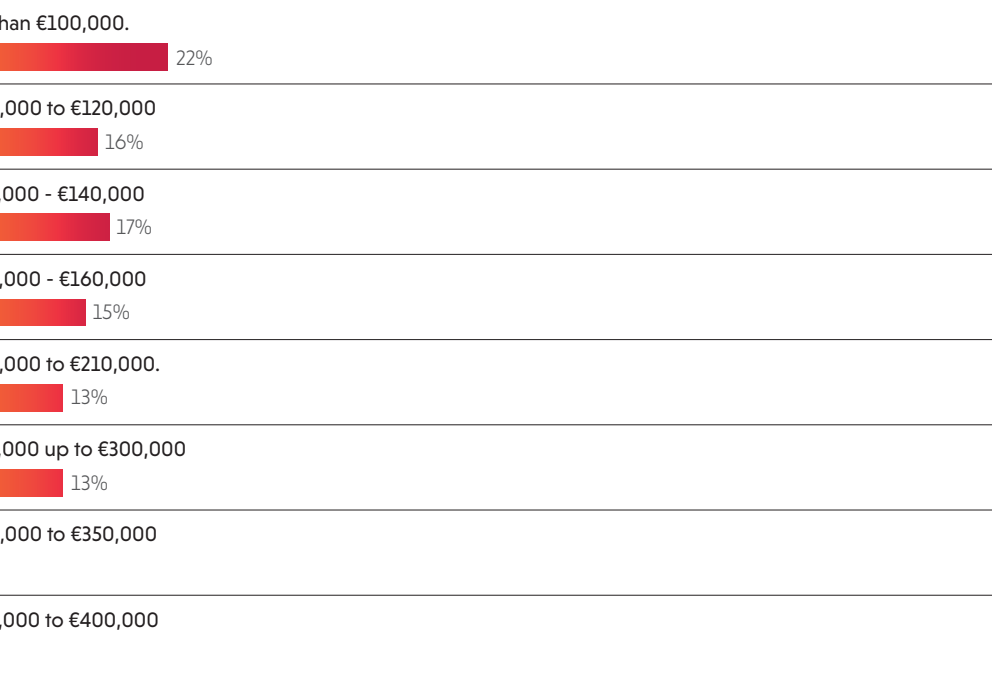


Group pension plan paid for by the association





### – Of the salaried employee association leaders



Salary Range	Percentage
Earn less than €100,000.	22%
Earn €100,000 to €120,000	16%
Earn €120,000 - €140,000	17%
Earn €140,000 - €160,000	15%
Earn €160,000 to €210,000.	13%
Earn €210,000 up to €300,000	13%
Earn €300,000 to €350,000	3%
Earn €350,000 to €400,000	1%
+ Fortunate few earning more than €400,000	

## 19

### – Salaried Association Leader benefits

Meal Vouchers (Cheque repas)



Group pension plan paid for by the association



Smartphone paid for by your employer



Private healthcare plan paid by association (e.g. DKV)



Mobile phone bill allowance



Car lease paid by your association



Eco vouchers



Petrol card



Home internet



Representation allowance of €151 - €300 per month



Public transport allowance



Representation allowance (i.e. lump sum exempt from taxes) of less than €150 per month



Training or educational allowance



Annual bonus in the form of warrants



Representation allowance of more than €300 per month



Bicycle allowance



Gym membership



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## Deputies

According to our research:

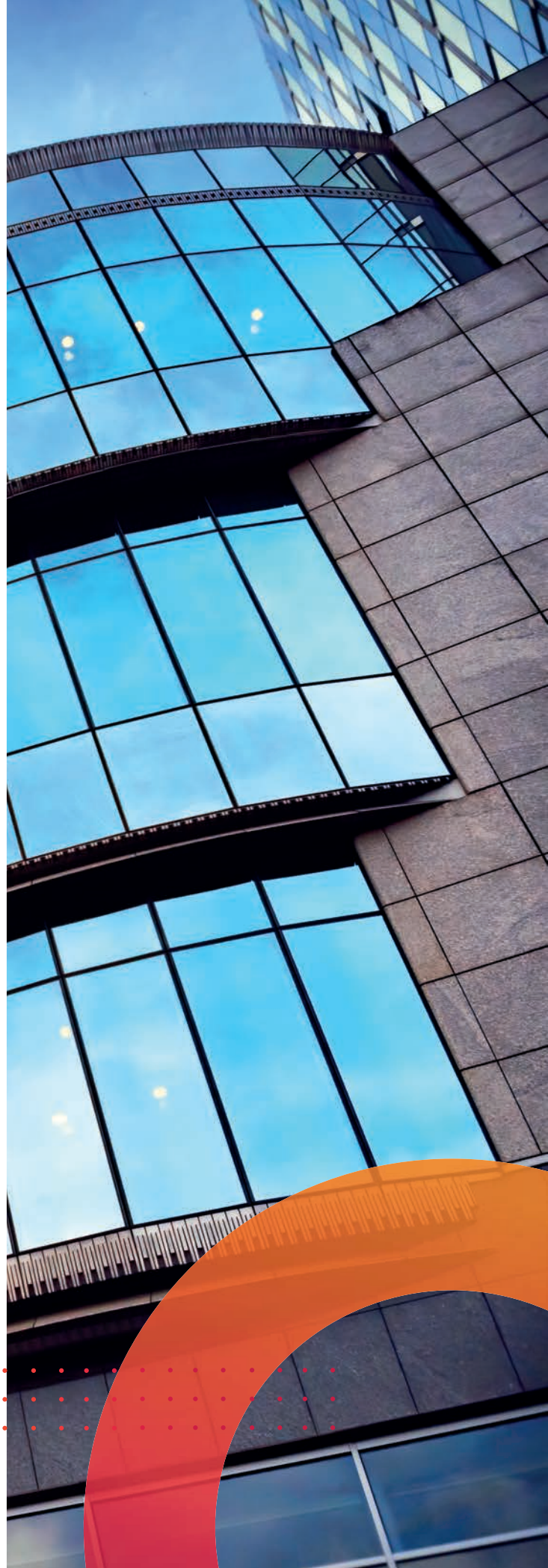
- Around two thirds of Deputies are men and one third women.
- The average Deputy has around 17 years work experience (which compares to an average of 22 for leaders).
- Nearly all Deputies have over 10 years of work experience since leaving higher education.
- Around 85% are salaried employees and 15% are independents.

There can be a substantial gap between the remuneration of an association leader and their deputy and first line management. Salaries are much higher for independents in this category, with a number of independent Deputies earning in excess of €200,000 and even €300,000 in larger associations.

According to our poll of Deputies:

- Around 45% earn less than €110,000
- Almost 40% earn €110,000 to €200,000
- About 15% earn over €200,000.

Perks and benefits were largely similar to those of the leaders, although generally with lower amounts in their group pension plans and lower representation allowances. Around one third receive no bonus or a small bonus up to 4%, about 20% earn an annual bonus of 5% to 15%, and about 15% mostly independents receive an annual bonus in excess of 20% of salary.



## – Policy Roles

Achieving favourable EU policy outcomes is the primary expectation of European business association members, even ahead of promoting an industry and its reputation according to my previous research. From an institutional perspective, business associations are highly valued, as they provide a source of technical expertise often lacking in their own services. The fact that European associations help build consensus makes the lives of EU institution officials easier, to the extent that the European Commission has said that it "tends to favour European (con) federations over representatives of individual or national organisations". Hence, policy and regulatory roles are particularly important for trade associations.

### **Heads of Policy (across the association)**

The Heads or Directors of Policy also have other functional titles spanning Public Affairs, EU Affairs and Advocacy across the Association.

According to our research the majority of heads of policy in trade associations are highly experienced (almost 70% have between 10 and 20 years work experience since leaving university). Around 80% are salaried employees and 20% are self-employed.

- 16% earn between €50,000 and €70,000
- 12% earn between €70,000 and €90,000
- 14% earn between €90,000 and €110,000
- 13% earn between €110,000 and €130,000
- 9% earn between €110,000 and €130,000
- 8% earn between €130,000 and €150,000
- 12% earn between €150,000 and €170,000
- 4% earn between €170,000 and €190,000
- 8% earn between €190,000 and €210,000
- 4% earn more than €210,000

Of the salaried Heads of Policy:

- Around 40% have a car paid for by the association.
- Over one third receive a representation allowance between €151 - €300 per month.
- One in ten receive a representation allowance of less than €150 per month.
- Around one half do not receive any representation allowance.

### **Director, Chief, Head, Executive Director or MD of specific Sector Group or specific Policy Area**

A number of larger associations divide their policy groups under very senior titles – which in many ways are comparable in seniority to Secretaries General of smaller associations. For instance, Cefic the chemical association and EFPIA representing the pharmaceutical sector employ a number of very senior Executive Directors in their leadership team. Other associations even have Managing Directors of specific sector groups or policy areas. This is an extremely diverse category, however, as some smaller associations may have split responsibilities for key policy leads between two or three people – hence when we looked at the data despite a good sample size for this particular category we noticed a rather unique spread of salaries ranging from €50,000 to €230,000!

Therefore, we are very cautious about making any conclusions on this category – although some general observations are interesting to note. For example, around three quarters receive an annual bonus, of whom half receive meaningful bonuses ranging from 5% to 16%. Nearly all are salaried employees. Two thirds have a car lease but only one third have a representation allowance which, is surprising given their relative seniority. Over 80% are happy in their job and nobody is unhappy.

### **Policy officers**

Policy Officers are also known as Public Affairs Managers or Advisers in some trade associations, and vary in seniority from Senior to Junior. Virtually all policy officers are salaried employees.

Depending on the association, Senior Policy Officers earn anywhere between €40,000 and €110,000 with an average base salary of around €71,000. Almost 60% receive some form of annual bonus and one quarter have a car allowance. Around three quarters have between 4 and 14 years of work experience with the average around 9 years since leaving university.

Most Policy Officers in trade associations have less than 10 year's work experiences and almost one third have less than three years as it can be one of the first steps in an association career. Around 80% earn less than €60,000 per annum with a top salary in this category being in the high 80s. The average salary for this category is around €53,000 with around 40% earning less than €40,000 per annum. Almost nobody gets a car at this level but one in five receive a representation allowance of under €150 per month.



## – Communication Roles

We all know reputation matters. While it takes years for an association to build up a good reputation, it can be shattered in just a few hours by poor leadership or unethical behaviour. The association communications team are the guardian of the sector's reputation in Brussels and their work should also complement the sector's public affairs activities.

There are many definitions of reputation but in this context, I like to talk about meeting stakeholder expectations. In other words a good or bad reputation is all about the degree to which an association or sector meets the expectations of its stakeholders. If a particular sector disappoints its stakeholders, the reputational and regulatory fall-out will be considerable.

Usually improving the reputation of the sector is the second most important expectation of association members after lobbying. In my experience, however and particularly at the pan-European/EU level it is rare that an association has sufficient budget, or headcount, or even the mandate to deliver against the ambitious expectation to improve the reputation of an entire sector. For instance, while many stakeholders such as NGOs or the media expect a European association to represent a sector's views across the EU, in practice its communications outreach is often confined to the Brussels village. Nevertheless, thanks to social media and the growing importance of digital media, associations are increasingly aware of the need to have a stronger communication capability, led by experienced professionals.

Some years ago it was said that women dominated the communications function but according to our research it is much more gender balanced in 2020 with an almost 50/50 split, and indeed it seems there are more men than women leading the function now. Interestingly, we also note there has been somewhat of a 'Brexodus' of native English-speakers from Brussels, particularly in communication roles where they traditionally attracted somewhat of a premium in an association context where English is still the lingua franca. Indeed our recent analysis of the entire community of communications professionals working in the EU bubble (the majority of whom work in the EU institutions) show that there are surprisingly few native English speaking communicators left in Brussels.

### Heads of Communication

The Heads or Directors of Communication tend to be quite seasoned with typically between 8 and 35 years work experience.

In the last four years it would seem that there is some salary movement at the top end of the communication profession where their roles are increasingly valued, but typically still communication roles pays substantially less than equivalent top policy or regulatory roles. Heads of Communications have around 15 years of work experience on average with nearly all ranging from 8 to 34 years. Around two thirds receive an annual bonus but for most of them it is less than 8% of their annual salary.

- **12% earn between €40,000 and €70,000**
- **42% earn between €70,000 and €90,000**
- **21% earn between €90,000 and €110,000**
- **17% earn between €110,000 and €130,000**
- **8% earn more than €130,000 with some top earners making between €170,000 and €240,000 who are nearly all working on an independent basis**

Around 15% of Heads of Communications are paid on an independent basis, and the rest are salaried employees. Benefits are also lower for salaried Heads of Communication than some of their senior association colleagues. Only one third have a car lease paid by their association. Only one half receive a representation allowance but in almost every case it is less than €150 per month.

On average Senior Communication Managers have around 9 years working experience since leaving higher education. Nearly all of them are paid between €40,000 and €90,000 with an average salary of €68,000. One third receive an annual bonus between 5% and 15% of annual salary. One in five have a car lease.

Communication Managers typically have under 8 years work experience. The average salary is around €50,000, with some earning closer to €40,000 while almost 10% earn between €70,000 and €90,000. Around one third receive an annual bonus but none have the right to a car allowance.





## – Regulatory Affairs & Technical Roles

Directors or Heads of Regulatory Affairs and/or Technical & Scientific Affairs are generally an experienced group with mostly between 11 and 34 years work experience, and 16 years on average. Nearly all are salaried employees. In our relatively small sample the average salary was around €100,000. Around 70% receive an annual bonus. Over 60% have a car lease with a petrol card. One half receive a representation allowance between €150 and €300 per month. All have a pension plan and a hospitalisation plan.

Regulatory Affairs Managers (aka Technical Managers or Scientific Affairs Managers) have on average 9 years' work experience. They are all salaried employees. Salaries range typically from €50,000 to €90,000 but there are some outliers earning much more than this, and a few earning less typically on a part-time basis. It can be said that an average salary for this category is just over €70,000. One in ten have a car lease paid by the association with a petrol card. Around 20% have a representation allowance. Interestingly this is one of the most satisfied categories with 90% saying they are happy or very happy - they just love EU regulation!

## – Legal Affairs Roles

We only had a relatively small sample of people in this category in our survey, but it is fair to say that a legal function separate from regulatory affairs only exists in a relatively limited number of associations.

In our sample the salaries of Heads or Director of Legal Affairs ranged from €130,000 to €160,000 but we are aware of people in this role earning higher packages. This tends to be a very experienced group often with 20 plus years work experience.

Legal affairs advisers form a more disparate group ranging from people working in part-time roles earning salaries less than €50,000, to some mid-level practitioners earning around €65,000, and even a few more experienced managers earning in excess of €110,000. Given how happy regulatory folk seem to be we were interested to compare job satisfaction with their legal colleagues, and indeed again nearly everybody is happy or very happy in legal roles except one person – sorry.



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## – Sustainability, Environment & Climate Change Roles

The EU's new Green Deal is bringing sustainability into focus for entire European industries. The EU is considered to have the most extensive environmental laws of any international organisation, with environmental legislation covering issues such as acid rain, the thinning of the ozone layer, air quality, noise pollution, waste, water pollution and sustainable energy. The Institute for European Environmental Policy estimates the body of EU environmental law amounts to well over 500 Directives, Regulations and Decisions. Hence this is a very important function for most European trade associations where we have witnessed an increase in demand for talent and headcount.

The lead role is often called the Director, Sustainability or Environment and/or Climate Change. Generally they are a seasoned group with between 10 and 30 years work experience. In some small associations salaries range from €80,000 to €110,000 but rewards can be as high as over €200,000 in trade associations where sustainability is business critical. The majority receive an annual bonus which is usually around 10% of annual salary, as well as a car with petrol card.

Senior Managers in this field earn on average around €67,000 going up to €110,000 or more but with some earning much less. Only one third receive a bonus. Interestingly none have a car lease but more than a third have a public transport allowance perhaps to prove their environmental credentials! Less experienced Managers in this field earn around €50,000 on average.





## – Operations Roles

Good operations and finance leaders are always essential to the successful running of an association, and the skills and expertise required go beyond a grasp of the numbers. As one Director General told me "A good association finance head is literally worth his or her weight in gold". This is particularly true at this time; when national associations and companies are taking an even harder look at their expenditure on European associations; and when reserves are being eaten into because additional income from congresses and events has dried up due to cancellations.

Good finance leaders are indeed mission critical as income stability or growth is one key measure of success for associations; others include positive cash flow, a manageable debt load, and a drive toward efficiency in holding down variable costs. Hence, rather than being seen as a separate function just doing the books, the operations function should be integrated within, and add value to, the overall planning and management of the association. As staff costs are usually the greatest cost item on the balance sheet, income and social taxes are significant line items whether they fall on the employee or employer. Timely managed declarations will avoid payment of penalties that could be quite significant. VAT obligations need to be understood, and as a not-for-profit, an association can benefit from VAT exemptions – for example, charging membership fees without 21% VAT on top.

Good finance leaders are willing to take a stand on sometimes controversial issues in an association context, and have the confidence to challenge decisions made by others on what might be a costly or risky move, as well as navigating the blurred lines between accounting, IT, administration and HR. Hence salaries can be high in this category with top earners in this area for larger associations earning €200,000 to €250,000. However, around one half of heads of finance earn up to €140,000 with most in the €100,000 to €130,000 range. Nearly all are salaried employees even on these higher salaries. Around 40% receive a car and over 80% earn an annual bonus.

Titles for this role include Chief Operations Officers (COO), Head of Operations and Head of Finance & Operations working closely with or in the association leadership group. Smaller associations usually cannot afford a COO, however, and the role is often split between the Secretary General and an external accountancy firm working with or without an Office Manager.

In future editions we will look more closely at other association roles typically falling within the Operations & Finance Group including Office Managers and Managers covering Finance, Administration, HR and IT.





# — Belgian Taxes On Compensation & Benefits

Most mid to senior level secretariat staff in European associations earn in excess of the highest income tax bracket of €41,060 and incur the highest 50% tax rate as per the table below.

## — Personal income tax rates

Tax brackets for income year 2020 are applicable to net taxable income after the deduction of social security charges and professional expenses.

Taxable Income (EUR)		Rate (%)	Tax on bracket (EUR)	Cumulative tax (EUR)
Over	Not Over			
0	13,440	25	3,360.00	3,360.00
13,440	23,720	40	4,112.00	7,472.00
23,720	41,060	45	7,803.00	15,275.00
41,060	and above	50		

In addition, local communal taxes are levied at rates varying from 0% to 9% of the income tax due. The average rate being 7%.

The employee's share of social security taxes is 13.07% of the total gross compensation, with no cap (except for independent contractors).

For salaried employees (i.e. not independent contractors) the employer's share provides for a progressive decrease of the employer's social security contributions to 25%.

When we recruit senior positions for European Associations, board members who are not residing in Belgium are often shocked at the relatively high costs of employing staff compared to their own countries. High salaries are hardly surprising, however, given such high levels of social security and income taxation. In addition to having one of the highest minimum wages in Europe, Belgium also has strong labour laws that protect the rights of workers at a national level.

The OECD just released their new 2020 Comparison of the Tax Burden on Labour, and Belgium come out as world tax champions again. According to the report, the "tax wedge" faced by single workers without children ranged from only 7 percent in Chile to over 52 percent in Belgium, a difference of over 45 percent. The "tax wedge" is simply the difference between an employer's cost of an employee, and the employee's net disposable income.

Germany ranks second at 49.4% which means Belgium is the only OECD country where taxpayers pay more than half their salary to the state. However, we do benefit from world-class healthcare and a generous social security scheme which is appreciated during these difficult times.

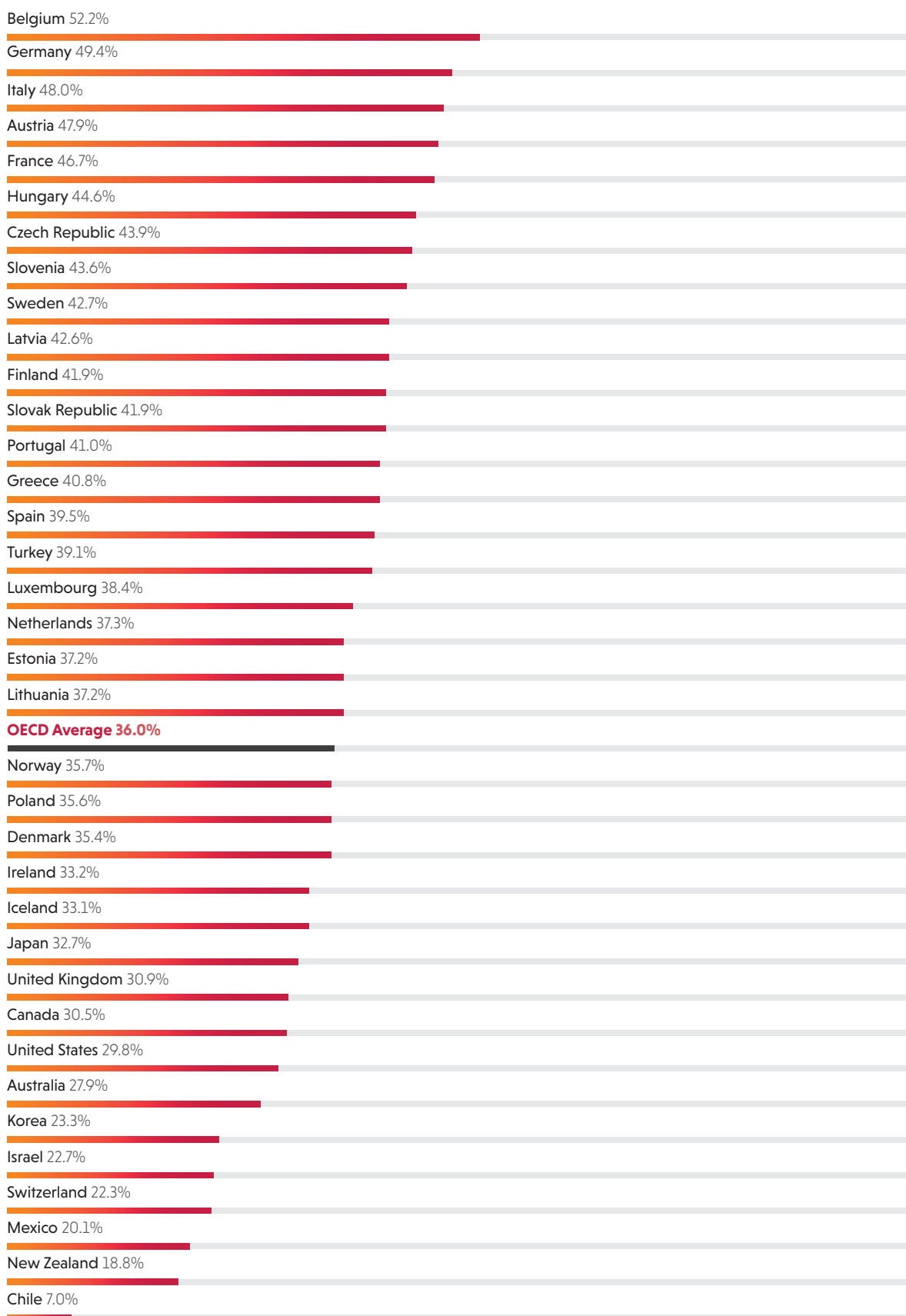
"Everybody moans about paying their taxes, but Belgians have more reason than most to complain. Data from the Organisation for Economic Co-operation and Development shows that Belgium has the highest income taxes in the developed world."

CNN



## – OECD 2020 Comparison of the Tax Burden on Labour

The Tax Burden on Labour in Belgium is Seven Times that of Chile



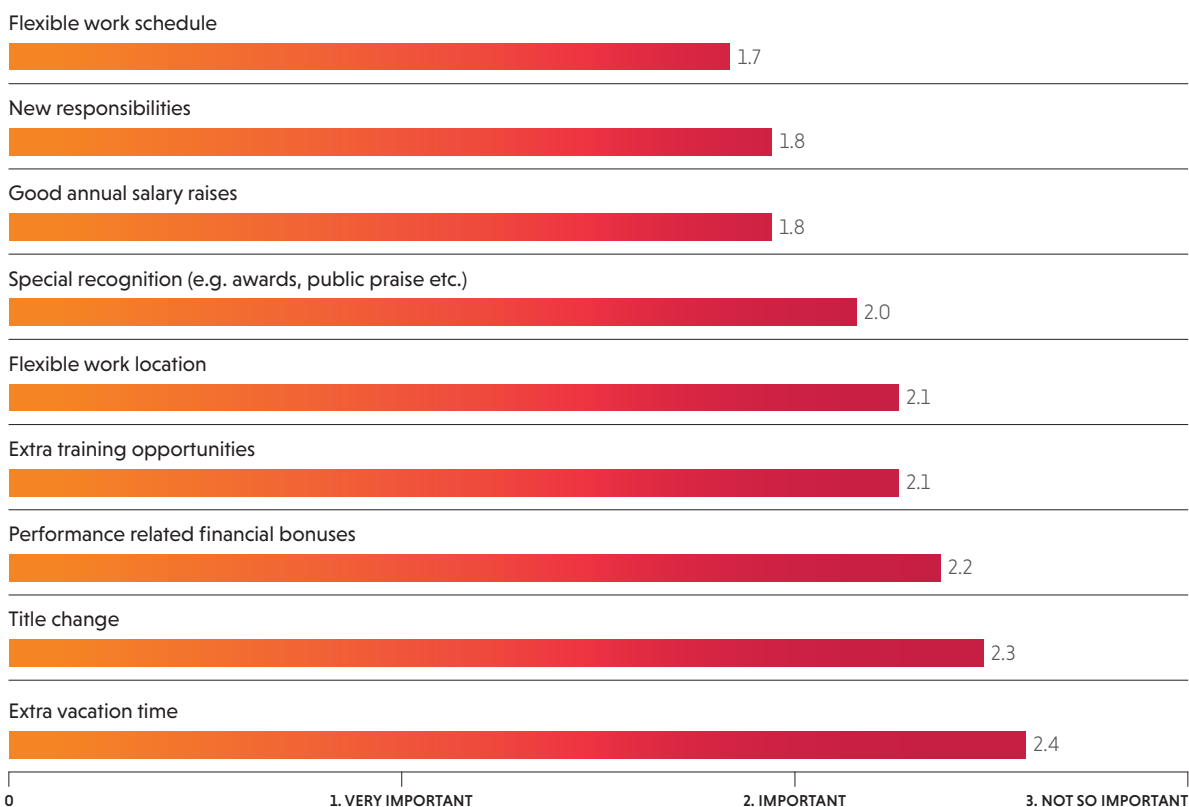
# — Motivating High Performance in Association Staff

Generally secretariats in Brussels are filled with happy people, as our research shows. There are many reasons and interesting personal examples behind this data. In our one-to-one interviews we do find tremendous satisfaction amongst association leaders which is often explained by a strong sense of freedom to operate, and long term thinking, especially compared to corporate environments.

Nevertheless, some pressured association members or leaders complain that although secretariat staff might be happy, they are complacent and do not convey the requisite sense of urgency.

There is no 'I' in TEAM as the saying goes but individual motivation is key to the success of the collective. So the question is how do you motivate happy people to become high performers and go well beyond minimum expectations? We looked at this issue recently and found some interesting results, as summarized in the table below.

## — The key factors in rewarding individuals for high performance in association secretariats (in order of importance)



# — Legal and Tax Considerations for Independent Contractors

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## – Secretaries-General of not-for-profit organisations: to be self-employed or not?

Employers of salaried employees need to pay employer social security (+/- 27%) on top of the employees' gross salaries and deduct from their gross salaries personal social security contributions (13.07%). This is not the case when collaborating with self-employed workers, who need to pay their own social security contributions which are due on a capped annual professional income. Attractive, but can Secretaries General of not-for-profit organisations work as self-employed workers (indépendants/zelfstandige)?

The key distinguishing factor between salaried employees and self-employed workers is the existence or not of a link of subordination between the parties. This subordination is typical for an employment relationship and rules out the possibility of self-employed labour.

Hence, if Secretaries General of not-for-profit organisations are not subject to subordination, do they qualify as self-employed for social security purposes? No, unfortunately, it is a bit more complicated.

In addition to the above rule of subordination, several presumptions of salaried employment for social security purposes apply, irrespective of the existence of a genuine link of subordination.

This is the case for Secretaries General of not-for-profit organisations. Indeed, the Royal Decree of 28 November 1969 extends the social security regime for salaried employees to "persons who exercise, as their main remunerated activity, a mandate consisting in the daily management or direction of associations/organisations which are not engaged in industrial or commercial operations". The legal text explicitly refers to not-for profit organisations.

Therefore, a remunerated Secretary-General who, as a main activity, carries out the daily management of a not-for-profit organisation by law comes under the social security scheme for salaried employees.

As a result, Secretaries General of such organisations working as self-employed workers will nevertheless

be considered as salaried employees for social security purposes if they are entrusted with the daily management of the not-for-profit organisation and are being remunerated for that mandate. Of course, this exposes the not-for-profit organisation to sizeable financial risks as the social security authorities may claim arrears of social security contributions (both employer (27%) and employee (13.07%) contributions) on the fees paid over the last three years (seven years in case of fraud), plus a penalty (10%) and late interests (7%). In principle, criminal or administrative penalties for non-compliance with the Social Security Act may also be imposed.

One way to limit the risk is not to remunerate the Secretary-General for his or her mandate of daily management.

And what if not the Secretary-General as a "physical" person, but his or her management company is entrusted with the daily management?

As a general rule, there can be no employment contract between two corporate entities, as an employment contract requires the worker to be a physical person. Moreover, in commercial companies, the opposite applies: directors of a commercial company are presumed to be self-employed workers for social security purposes.

As a result, since management companies cannot be considered salaried employees, the Secretary General is presumed, as the director of his or her own company, to be irrefutably acting as a self-employed worker.



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However, such a set-up requires discipline in practice:

- First, the corporate structure must at all times be observed. It is not the Secretary-General in person but the management company that is entrusted with the daily management of the organisation and thus acting as "Secretary-General". Reference must therefore at all times be made to the management company and the relationship should be with the management company and not with the person behind the management company. It should therefore first be checked if that is feasible and desired in practice. Indeed, the mere existence of a corporate entity through which the daily management services are performed does not totally exclude the possibility that there could also be a direct relationship between the Secretary-General as a physical person and the not-for-profit organisation. If it is established that such a direct relationship exists, the above presumption of a salaried employee comes again into play with all the consequences thereof.
- Second, the Secretary-General should be able to work outside any subordinate relationship, including towards the Board. The general criteria to assess false self-employment apply: freedom of work and working time, absence of hierarchical control, no precise instructions as to "how, what, when" the mandate should be performed, etc.

In conclusion, parties should be careful and very disciplined when setting up self-employment arrangements for Secretaries General of not-for-profit organisations.



**Sophie Maes**  
Attorney - Partner Claeys & Engels



# — Legal and Tax Considerations for Independent Contractors

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## – Management companies acting as Secretaries-General of not-for-profit organisations: tax advantageous?

Providing professional services through a management company is not only common in Belgium as a way to work independently and pay capped Belgian social security contributions but it can also be advantageous from a tax point of view.

The main reason is attributable to the great difference between personal income tax rates and corporate tax rates, which in addition have been recently reformed. Today, the top individual tax rate reaches 50% (plus municipal taxes) as from a personal taxable income of around EUR 40,000 whereas the standard corporate income tax rate is lowered to 25% as of tax year 2021 (financial years ending 31 December 2020 and later) without any crisis tax (which will be abolished). Since 2018, small enterprises can even benefit from a reduced rate of 20% up to EUR 100,000 of taxable profit; however, the payment of a minimum director's salary of EUR 45,000 is required.

Working with a management company is also a matter of channelling the company's profit after tax into other types of income, as a way of recompensing its director. Consequently, the director is remunerated by his or her own company as opposed to receiving a monthly employee salary from the not for profit organisation. As soon as the management company generates an income and is taxed on it accordingly, the latter can decide how to pay out the profit after tax to its director: salary, pension, dividend, fringe benefits, professional expenses.

Until recently, the pre-eminent legal form to perform a management activity was the private limited liability company (BVBA/SPRL or EBVBA/SPRLU if the company was set up by only one partner).

However, on 1 May 2019, the new Belgian Code on Companies and Associations (BCCA) entered into force. The new Code replaced the BVBA/SPRL with a "new" form of company: the BV/SRL (besloten vennootschap / société à responsabilité limitée). The intention of the legislator is to make the BV/SRL the standard company form that can be easily customised through its articles of association. The BV/SRL allows for more flexibility than the BVBA/SPRL in terms of among others, funding

(with the abolishment of the minimum share capital requirement), distribution of profits and governance.

BCCA applies to new companies incorporated after 1 May 2019. It applies to existing companies as of 1 January 2020, except for certain rules or in case of "opting in". Abolished company forms will be automatically converted on 1 January 2024, unless the company has voluntarily decided to convert prior to that date.

As said, flexibility was one of the drivers behind the Corporate Law reform. In order to enhance flexibility, dividend distributions can now be made at any time in the BV/SRL. A BV/SRL will therefore be able to distribute dividends based on the profits of an ongoing financial year, (e.g., "interim dividends"), after checks to protect third parties: a net assets test and a liquidity test.

Distributed dividends are taxed at the separate tax rate of 30%, which might suggest that management companies are far less advantageous than in the past, when lower withholding tax rates applied. This is without counting on the reduced tax rate of 15% applied on dividends distributed according to the so called the "VVPR-bis" regime (Verlaagde Voorheffing/Précompte Réduit) as per Article 269, §2 of the Belgian Income Tax Code. Small companies that have been incorporated as from 1 January 2013 may distribute dividend income against a reduced rate of 15%, provided that certain several strict conditions are met. One of these requires that dividends distribution occur after the closing of the second or subsequent accounting years following the year in which the contribution is made. This deferred distribution certainly enables lowering the total tax burden on the mid and long terms. This possibility should of course be contemplated in view of the Secretary-General's liquidity needs during the first three years of existence of his or her management company.





Secretaries-General can also benefit from advantageous tax rates on a deferred payment of capital outflow through the constitution of a liquidation reserve. It is an opportunity to build a capital payable upon liquidation of the company at retirement age for example or benefit from a reduced withholding tax of 15% (instead of 30%) in case of earlier distribution.

Article 541 of the Income Tax Code allows small companies again to incorporate benefits of any income year into a “liquidation reserve”. The creation of this liquidation reserve is accompanied by the immediate deduction of a separate 10% contribution to be paid by the company. The subsequent distribution of this reserve to the shareholder may then benefit, under certain conditions, from a reduction or even an exemption from withholding tax.

If the management company is liquidated, the part of the liquidation bonus coming from the liquidation reserve which has been subject to a separate contribution of 10% may be distributed to the shareholder on a tax-exempt basis. In the case of a natural person/shareholder, this distribution is considered as non-taxable income.

If the liquidation reserve is distributed as a dividend outside the liquidation of the company, the shareholder cannot benefit from this tax exemption. In this case, a withholding tax is due, the rate of

which varies according to the time period within which the distribution takes place since the creation of the liquidation reserve. If this period is longer than five years, a withholding tax of 5% will be due (taking into account the 10% contribution, this results in a total tax burden of 15%).

The Belgian tax authorities regularly criticise the use of management companies and audit the easiest area to target: the deduction of professional expenses. Nonetheless, if properly structured and implemented, the use of a management company to provide individual personal services remains a valuable legal working structure.



**Sylvie Dumortier**  
Tax Counsel Claeys & Engels

1. As per Article 1:24, §§ 1-6 of the Belgian Code on Companies and Associations. Small companies are those that do not exceed more than one of the following criteria on the balance sheet of the last closed financial year: (i) average annual headcount: 50; (ii) annual turnover, excluding VAT: EUR 9,000,000; (iii) balance-sheet total: EUR 4,500,000.

# — Flexitime & Financial V Non-Financial Rewards

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My research confirms that flexible working is rated the number one reward in European associations. According to research by the OECD, the majority of European employees (3 out of 4 on average) have access to some work-schedule flexibility, but this proportion varies from 50% in Greece to 90% in the Netherlands and Nordic countries.

Indeed the European Commission has proposed new rules for the extension of the right to request flexible working arrangements (reduced working hours, flexible working hours and flexibility in place of work) to all working parents of children up to 12 and carers with dependent relatives.

Studies in companies have shown that typically flexible workers achieved more; were off sick less often; worked longer hours and were happier in their work. With flexible work schedules, associations might experience these benefits:

- **Increased employee morale, engagement, and commitment to the association.**
- **Reduced absenteeism and tardiness.**
- **Increased ability to recruit outstanding employees.**
- **Reduced turnover of valued staff.**
- **Allows people to work when they accomplish most, feel freshest, and enjoy working e.g. mornings.**
- **Extended hours of operation for departments such as IT.**
- **Develops image as a caring employer with family-friendly flexible work schedule.**

However, the degree of flexible working advisable in any particular association will depend on many factors, not least on the size of the association, and demands of important duties during the year such as AGMs and lobbying on key dossiers. Staff who thrive in an office environment may find it difficult to work when their colleagues don't hold the same schedule. This is why many associations require core

days and core hours during which everyone is in the office. In team-oriented departments, teams still need to meet, which requires some set guidelines.

Flexitime goes hand in hand with flexible work locations. In an era of easy travel, where people actually choose live is increasingly seen as less relevant to performance. For instance, we know leaders of some successful European associations who 'live' in their home cities (on short or long weekends) as far away as 1,500 km from Brussels.

What would you rather have: more money or more time? It is interesting to note that flexitime beats money for many association staff, as flexibility overall scores more highly than financial rewards. If time is our primary and perhaps only commodity, then we want it as much as possible. Once, we saved money; now, we save time. Perhaps secretariat staff's priorities reflect their relatively high earnings and secure employment versus other sectors, however interestingly, extra vacation time is not considered as important as other factors.

Giving new responsibilities is a top way to motivate staff while on the other hand hoarding power can be very demotivating in an association context. From the staff member's perspective though it can be useful to clarify expectations on what the new responsibility will result in, such as better assignments in the future, a move toward a promotion, or a mention at the board meeting—so that they don't end up in a dead-end situation where there is more work and responsibility but no reward. Learning to say yes to the right types

"Flexitime generally incorporates core hours that employees are required to work, but outside of these hours employees can come and go as they please. Flexitime will suit those employees who work better at certain times of the day, while also helping to maintain a better work life balance. Another popular flexible working arrangement is "Remote Working" or "Working from Home". Similar to Flexitime, Working from home grants employees to have a better work/life balance. Other types of flexible working include Job sharing, part time, annualised hours and staggered hours."

The HR Director Magazine



of opportunities—and say no to others—is an exercise in setting healthy boundaries at work which doesn't necessarily show a lack of drive or ambition but rather a valued employee who prioritizes doing the job at hand.

Interviewees identified other key factors to ensure high performers join associations. In the words of one senior staffer: "The strategy and goals of the association, and the individual responsibilities, must be clear from the start, to ensure that the high-performer knows exactly what to expect. False expectations easily lead to low motivation and, hence, poor performance. The strategy defines the profile of desired people to hire, so this will attract those who are in line with the strategy and consider that can add value to it."

Another told us about the importance of clear communications during the recruitment process: "A firm and clear definition of the strategy and direction of the association, its value and relevance to the membership and the role the individual is expected to play in delivering this, as part of the team. There must also be a clear understanding of what could, in the right circumstances, be the career opportunities and options for the future."

**– Word Cloud from Survey Responses to other key factors rewarding individuals for high performance in association secretariats.**

Grow Pride Rewards Motivation Autonomy Development  
 Association Trips Recognition Inspiring  
 Sense of Purpose Empowerment  
 Individual Interest in the Work Team Industry  
 Achievement Success Levels Alignment  
 Appreciation Leadership Sector Package Positive  
 Relationship Staff Strategy

# — Retaining The Best People

The staffing company Randstad says that 40% of employees are planning to look for a new job within the next six months.

Another survey notes that almost 70% of employees are already at least passively shopping for new job opportunities via social media especially LinkedIn. Job hopping has been described as the “new normal,” and millennials are expected to hold 15 to 20 positions over the course of their working lives. However, associations are different. In comparison with other work environments where we operate such as in corporate affairs or consultancy, associations tend to offer the most stable work environments. Associations are there for the long term.

Employee retention matters. Retention of an association's best staff is critical to its long term health and success. Retaining the best employees ensures member satisfaction, stable membership income, happy secretariat staff, deeply imbedded organizational knowledge and learning, maintaining reputation with key stakeholders and even positive policy outcomes. Clearly, for employees to make a long-term commitment to an association, the leadership will need to give them good reasons to stay.

Management thinkers agree that a satisfied employee knows clearly what is expected from him or her every day at work. Changing expectations keep people on edge and create unhealthy stress. Also, the quality of the supervision an employee receives is critical to employee retention. The number one reason people leave organizations is a disagreement in values between the employer and employee. Top talent leave an association when they're badly managed and it is confusing and uninspiring.

Association staff leave bosses and immediate supervisors more often than they leave associations or jobs. It is not enough that the boss is well-liked or a nice person; he or she has a critical role to play in retention. Anything the leadership does to make an employee feel unvalued will contribute to turnover.

"In order to retain your best staff show you trust them by giving them responsibilities that allow them to grow. Encourage them to gain new skills. Provide ample continuing education opportunities. The rewards you give your employees should speak to their emotional needs and should go beyond their monetary compensation."

Harvard Business Review

"The best staff do the best and the most work, so retaining them is a key priority for association leaders. I have learned not to ignore complaints from good employees. These people are your early warning system. However, bad employees do second-rate work and bring others down with them, including the high performers. So a difficult but necessary duty of association leaders is to let them go. While they may not be a good fit for your association, they may thrive in a different environment."

Brian Ager, Senior Adviser to Dober Partners and Covington, former Secretary General at the European Round Table of Industrialists (ERT)



**According to Research from LinkedIn** the #1 reason employees say they are not engaging in workplace learning is because they don't have the time. Executives and people managers agree that getting employees to make time for learning is the #1 challenge for talent development.

– Word Cloud on why people stay in their association jobs.

Variety Commitment Feeling Content Future Respected  
 Industry Ability Opportunities Purpose Team  
 Job Satisfaction Interesting Vision  
 Flexibility Membership Challenge  
 Great Members Association Mission Positive  
 Rewards Colleagues Cause Working Conditions  
 Exciting Responsibilities

– Secretariat Assessment of the reasons other staff cite in wanting to leave their association in terms of frequency.

Not learning and growing in their career, knowledge and skill



Failure to provide a framework within which the employee perceives he/she can succeed



Poor leadership or supervision



Lack of clarity about expectations for the job



Feeling ignored and not able to use their talent and skills properly



Perception of unfairness (e.g. pay gap, preferential treatment to others)



Lack of clarity about earning potential



Lack of feedback about performance



Inability (or feeling thereof) to speak his or her mind freely



Feeling threatened or harassed by bosses or colleagues



0 1. FREQUENTLY 2. SOMETIMES 3. RARELY 4. NEVER



## — About Dober Partners

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Dober Partners is the Brussels executive search specialist for European corporate affairs and association leadership roles. We advise on all aspects of the search process from defining the desired skillset and background of shortlisted candidates, through to assisting with the details of local employment law.

The senior team of Dober Partners includes Mark Dober, Natalia Kurop, Brian Ager, Christophe Lécureuil, Frédéric Goffard and Michele Saverese. Our entire team has first-hand experience of leading associations and not-for-profits as well as recruiting association roles across functions and seniorities. Unusually the entire Brussels Leadership Team has served on European Association Boards in different roles, including as Director General, Treasurer, COO and Director of Communications and Public Affairs. Hence, the major difference with our competitors is that in addition to our headhunting specialism, we are also practitioners who really understand the association sector.

We bring our specialists' understanding to every assignment, every search, and every interview, finding exceptional candidates that fit demanding briefs. Our end goal is always loyalty and satisfaction. We do this by honestly representing our clients in the market and ensuring that we support and continually advise our candidates during assignments. We have a very strong record of recruiting leaders for diverse and important European associations. All of our association placements have been successful.



**Dober Partners**  
Executive Search  
& Consultancy



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## – The Dober Partners Team



### **Mark Dober**

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Mark has recruited many senior communication, public affairs and association leaders in Brussels and around Europe through Dober Partners since 2010. He has also been a shareholder in Ellwood Atfield and led their international operations until April 2020. He has consulted with over 100 European association leaders, right up to the President of BUSINESSEUROPE and DG of the European Roundtable of Industry. He has also led a number of associations, coalitions and not for profit organisations at EU level. He was formerly the first employee of the public affairs consultancy APCO in Europe and set up their Brussels office in 1995, acting as Managing Director in various roles until 2010. Prior to APCO, he joined the London office of Hill & Knowlton and left its Brussels office as Associate Director. Mark has twice been voted 'European Consultant of the Year' by 'Public Affairs News' and members of 'The European Public Affairs Directory'. He has authored numerous reports on public affairs and communications including 'Key Success Factors for European Associations', 'EU Media Relations', 'High Performance Secretariats', 'European Association Remuneration' and 'European Corporate Affairs Remuneration'. Mark has taught semesters for Masters in Strategic Communications at Brussels IHECS University, and has been an occasional lecturer with a number of Universities including Maastricht. He has a Masters in Political Science from the PUC University of Rio de Janeiro in Brazil. Mark speaks English, French, Spanish and Portuguese.



### **Natalia Kurop**

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Natalia is a headhunter and consultant, working with Dober Partners since 2013. She was also a Senior Advisor with recruitment firm Ellwood Atfield from 2015 until April 2020. Natalia has been active in communications and public affairs for over 20 years. Previously she served in a number of senior roles including Director of Communications at DIGITALEUROPE, the leading European digital technology association, the Interactive Advertising Bureau (IAB Europe), and the European Technology and Travel Services Association (ETTSA). Natalia started her career as a broadcast journalist with the British Broadcasting Corporation (BBC), and has produced numerous radio documentaries and TV programmes, and co-authored 'EU Media Relations'. She is a former Treasurer and Board Member of the European Association of Communication Directors (EACD). Educated at Sydney and Monash Universities, Natalia speaks English and French.



### **Brian Ager**

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Brian Ager is a Senior Adviser with Dober Partners. He is also Senior Advisor to the law firm Covington and serves as a Board Member of Iberdrola Energia Internacional. He served as the Secretary General of the European Round Table of Industrialists, a forum bringing together CEOs and Chairmen of major European multinationals from 2011 until 2019. He was previously the Director General of the European Federation of Pharmaceutical Industries and Associations (EFPIA) from 1995 to 2011. He also served as Secretary General of EuropaBio the leading biotech association from 1990 until 1995. He first came to Brussels as an Expert National Détaché with the European Commission. Educated at Essex University, Brian speaks English and French.

**Christophe Lécureuil**[christophe@doberpartners.com](mailto:christophe@doberpartners.com)

Christophe is a Senior Adviser providing particular support in Switzerland, France and Brussels. He also serves as the Executive Director of the European Centre for Public Affairs and is Founder of CLC Consultant. Christophe's career highlights include heading up European Government Relations for McDonald's and managing International Communications & Public Affairs for Yum! brands (KFC, Pizza Hut, Taco Bell) across 100 countries. As a consultant with Leidar in Geneva, Fleishman-Hillard in Brussels and Golin/Harris in London, he had the opportunity to work in multiple sectors and industries. He also enjoyed his stint in the NGO world as Head of Corporate Communications at the Global Alliance for Improved Nutrition (GAIN) in Geneva. Christophe started his career as an expert at the European Parliament. He is a French national and holds Master's degrees in Political Science and International Affairs. Christophe spends his time between Geneva and Brussels. He also regularly lectures at the Graduate Institute in Geneva on international advocacy.

**Frédéric Goffard**[fred@doberpartners.com](mailto:fred@doberpartners.com)

Frédéric is a financial, technology and legal expert with particular experience in helping trade associations and not-for-profit organisations. Frédéric joined the Dober Partners team in 2020 but has worked closely with team members previously. Since 2012 Frédéric has fulfilled the legal, tax and annual account obligations for EUFIC, the European Food Information Council. Prior to EUFIC he worked for DIGITALEUROPE and a number of other sector groups in the energy field. Frédéric has a BSc in Accounting from the Ecole Pratique des Hautes Etudes Commerciales (EPHEC – Brussels) and studied tax law and IT. Frédéric's accounting, legal and IT skills have helped association leaders make the right decisions, at the right time. Frédéric speaks English and French.

**Michele Savarese**[michele@doberpartners.com](mailto:michele@doberpartners.com)

Michele joined the Dober Partners team in 2020 to cooperate on executive search activities with a focus on Southern Europe. Michele is an EU funding and public affairs specialist based between Rome and Brussels with fifteen years of experience working with clients from various sectors. Since 2010 he works at Schuman Associates on the implementation of funding strategies and market assessments as well as public affairs and advocacy campaigns. Prior to this he worked in the international division of a large Italian IT company managing international projects as well as developing new partnerships. Michele has a BA in Political Science from John Cabot University in Rome and a graduate certificate in International Relations from Boston University. Michele speaks, English, Italian and French.

**Florence Ranson**

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Florence has been active in European communications circles for some 30 years. She started her career as Project Manager for the European Commission, (1990 to 1997), setting up and running Team Europe for the Directorate General Communications. As Secretary General of the European Advertising Tripartite (1997 to 2001), Florence was in charge of the communications strategy and spokesperson of the organisation, on behalf of the European advertising sector.

She then was Head of Communications at the European Banking Federation for 12 years, 5 of which were crisis years. She managed the communications portfolio and was spokesperson of the organisation, as well as devising the strategic developments of communications for the sector.

Florence became Director of Communications for FoodDrinkEurope in 2014, until 2018. There she defined and managed the communications strategy, as well as coordinated the various campaigns launched by the organisation.

Florence has been Chair of the Jury of the European Excellence Awards in communications for over 10 years and is a founding member of the European Association of Communication Directors (EACD), where she was Managing VP for 10 years. She was awarded a 2018 ProPR Award for her contribution to the European communication profession. She regularly speaks at and moderates events throughout Europe and is a mentor to young professionals.

**Helen Dunnett**

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Helen has worked for over 25 years in Belgium and the UK with a diverse range of organisations from start-ups and federations to multinationals and consultancies.

Helen is an ICF accredited coach who works with organisations to develop their teams. She is also a certified Harrison Assessments talent development coach.

She has a wealth of experience in moderation and the 'Art of Conversation', together with deep expertise in digital and social media platforms having previously worked with Microsoft, APCO and ZN Network.

Today, Helen provides coaching and moderation training services to enhance team work and team leadership.

**Thank you for taking the time to read this report, and we hope you find it useful.** We are grateful to everybody who contributed their time to the salary survey, and to all our clients and candidates without whom we would not be able to give back to the association community through our knowledge-sharing endeavours.

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