



# **the strategic gender agenda:**

**leadership gender & remuneration equity  
in the profit-to-member super segment**

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## introduction

The gender pay gap equation is a function of total remuneration and gender-based employment within any organisation, or industry system. Therefore, organisations cannot hope for gender pay equity, without understanding the biases relevant to gender and remuneration. Only through understanding the data and information behind these variables, can we hope to gain the knowledge of the levers, drivers, and enablers to generate the wisdom for strategic change through tactics and actions to make a (shrink the) difference.

The following report is a general discussion of the biases behind existing remuneration practices for leaders, remuneration professionals, human resource professionals, DEIB practitioners, cultural consultants, strategists, chairs, board members, CEOs, executives, gender activists, advocate, and allies of all industries, not just those within superannuation nor the profit-to-member (PTM) superannuation segment.

The data used in this case study comes from our resourcing, remuneration and relativity research within the PTM super segment in 21/22. This is the backbone to our industry specific leadership remuneration offering for the segment called *perple SHIRTS*, with the beta version launched in October this year.

Feel free to connect regardless of your geographical location, industry, organisational size, occupational specialisation, seniority, gender and/or how much money you earn. Happy to chat on how we may be able to adapt the principles in this report and apply them to a much wider industry base.

## part #A: background - gender, strategy & inclusion

For those not familiar with gender bias, strategy and/or inclusion, the following is a brief background of how they collectively form the *strategic gender agenda*.

### **diversity, equity, inclusion and belonging:**

The Diversity Council of Australia (DCA) defines *diversity* as “the mix of people in your organisation” and *inclusion* as “creating a workplace environment that enables that mix to work”<sup>1</sup>. These work together for the benefit of both organisations and its people and create an *equitable* sense of *belonging* through purpose.

### **strategic inclusion/exclusion:**

In Australia, Diversity, Equity, Inclusion (DEI), and Belonging (DEIB) are not yet fully embraced as strategic priorities, despite incongruent commentary in some organisational purpose statements. For inclusion to be *strategic-ally successful*, it must be visibly integrated into core strategic objectives, evident within the strategy process and clearly backed by C-Suite leaders, allyship, accountability, measurement, and reporting.

### **gender:**

Gender is the most prominent demographic consideration and the tip of the infinite intersectional inclusion iceberg. We researched three components that affect gender equity within a system, being resourcing (total employment), remuneration (total salary/bonuses) and relativity (average remuneration), with the variance between male & females called the *gender pay gap*. Gender is where the journey should start, but not end.

### **why strategies fail:**

Research proves that many organisations struggle to achieve the majority of their strategic objectives. A commonality behind the lack of success is the absence of strategic inclusion.<sup>2</sup> Open Strategy, a burgeoning philosophy, (best viewed through the work of Christian Stadler, Julia Hutz, Kurt Matzler & Stephan Friedrich von den Eichen)<sup>3</sup> addresses this through the fundamental dimensions of both *transparency* and *inclusion*.<sup>4</sup>

### **inclusion - the economic benefits:**

While the social benefits of inclusion - traditionally viewed as non-financial matters - are widely accepted, there's growing proof of the bottom-line and economic benefits of strategic gender inclusion, diversity, and equity.<sup>2</sup> Stakeholders, including customers, staff, shareholders, legislators & regulators expect the inclusion of non-financial objectives with due consideration of these and associated risks for leadership remuneration.

### **transparency - gender and remuneration:**

Increased focus on gender and remuneration transparency has emerged through workplace reforms and regulatory standards. For example, Fair Work Australia's *Secure Jobs Better Pay Act*, compulsory WGEA reporting, and APRA's *CPS 511 - Remuneration* prudential standard to name a few. Organisations that claim to support inclusion through their purpose but lack it within their strategy face emerging incongruence risks.

### **combining it all together - the strategic gender agenda.**

Organisations - many not meeting all financial objectives - are now under pressure from stakeholders (such as legislators and regulators) to also include non-financial objectives. It appears to be *uncommon sense* to incorporate those non-financial objectives (e.g., gender inclusion, diversity, and equity) that have proven potential to assist achieving financial objectives, mitigate emerging risks, and help societal sustainability. Now is the time for strategic gender inclusion and action required within a rapidly evolving landscape.

## part #B: introduction - the super-sized story

This report uses the profit-to-member superannuation (PTM) segment in Australia as a case study for discussion of the remuneration and the related gender-based transparency, inclusion, diversity, and equity within the leadership system, including both board and executive. For perspective the following is a brief outline of the superannuation industry in Australia, Australian Prudential Regulatory Authority (APRA) regulated funds and the profit-to-member (PTM) sub-segment of these APRA funds.

Superannuation in Australia now represents the retirement savings of 16.6 million Australians and has grown from \$148 billion in assets (funds under management) back in 1992 to \$3.5 trillion.

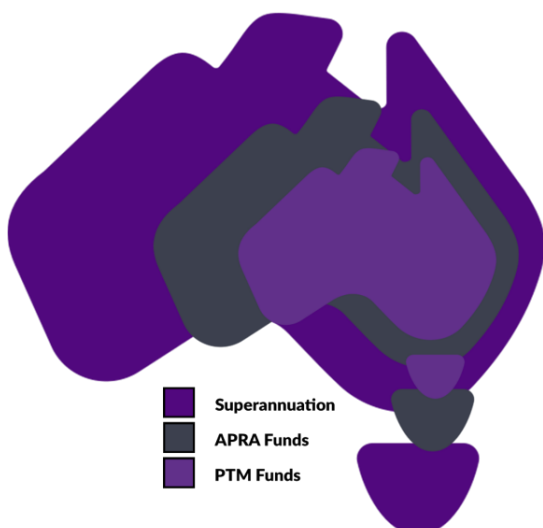
That is an increase of well over 2000%<sup>1</sup> in thirty odd years.

Despite its importance, growth and ranking in size within the total domestic financial system, macro analysis is not without its challenges, given that our beloved superannuation system is technically not considered as an *industry* itself, by outdated government agency and global commercial platforms classifications<sup>2</sup>. In fact, in 2021, the ABS decided that *Superannuation Funds* were not actually businesses at all and removed them from their *Counts of Australian Businesses, including Entries and Exits* (CABEE) reporting. This makes us wonder exactly where those 17,000+ people allegedly *not* working win superannuation tell their husbands, wives, and partners they go to work every day, given that their organisations don't technically exist.

Instead, macro analysis requires a cumbersome collection and comparison from the numerous government agencies responsible for their regulatory oversight including the Australian Taxation Office (ATO), Australian Securities and Investment Commission (ASIC), the Australian Prudential Regulatory Authority (APRA) and a number of government bodies, who separately regulate the \$150 billion plus Exempt Public Sector Super Schemes (EPSSSs), who have not elected to be part of the APRA regulatory disclosure framework.

The following graphic shows the breakdown of the superannuation industry, APRA Funds and the segment this article relates to being the APRA regulated and/or disclosed Profit-to-Member (PTM) Segment.

**graphic: 1: The Super-Sized Australian Superannuation Industry**



**Superannuation:** The super industry is the second largest component of the Australian financial system and over half the size of all combined banks, accounting for over 31% of all assets. Super is eleven times larger than all the insurance companies and friendly societies combined, nine times bigger than all registered financial corporations and five times the size of the Reserve Bank of Australia.

**APRA Funds:** The super funds in APRA's combined regulatory regime account for over two-thirds (67.7%) of all superannuation assets - funds under management (\$FUM), over 21-million-member accounts and it employs an estimated 17,100 people.

**PTM Funds:** Profit-to-member super funds are the largest APRA Funds segment, accounting for over \$1.6 trillion or more than 70% of \$FUM, and almost half (48%) of all the super assets in Australia. PTM super funds employed almost 10,500 staff, with almost 15-million-member accounts, representing 60% of all superannuation accounts in Australia.

So, there is a very quick summary of the superannuation segment that is not technically defined as an industry. For those interested in learning more about the super-sized (non) industry, please check out *Perple - Super Facts and Fiction*<sup>1</sup> in the references. The next section considers the relationship between gender bias and remuneration, with a few noteworthy observations from our PTM super segment research.

## part #C: gender & remuneration research in PTM super

### gender and remuneration

Leadership remuneration and gender equity are *considered* completely separately by many organisations. Yet, some businesses *claim* to be actively working towards closing the gender pay gap. We fail to understand how this is achieved without due consideration of the influence of remuneration on the gender pay gap.

Although remuneration is usually “updated” annually, the methodology used is largely based on traditional assumptions rather than future strategy. They are rarely questioned, nor effectively analysed. Increased stakeholder interest, regulatory oversight and legislative workplace reforms will move the remuneration and gender equity scrutiny from being in the spotlight to under the microscope very soon. This is particularly true for those organisations who demonstrate blatant incongruity between their stated purpose, culture, values, and their actual strategy, including gender-equity tactics, and metrics.

Next, let’s take a quick look into the way leadership remuneration is constructed first, including some examples from the PTM super segment, and then we’ll circle back to its relationship with gender bias.

### the remuneration equation

Within the leadership, overall fixed remuneration is largely based on two components. Firstly, a traditional *functional bias* with higher pay for certain types of roles, responsibilities, and occupational functions. Secondly, a *scale bias* factor, where the onus of “size matters” applies, seeing the leadership of larger sized organisations earn higher pay. Additional variable remuneration (including bonuses) tend to be linked to performance and the achievement of objectives, but rarely do those objectives that *include* inclusion.

*PTM: 47% of organisations used variable remuneration, for 20% of leadership, 49% of executives. 90% of the variable was short-term and only 3.5% of leaders and 9% of executives had deferred variable components.*

### functional bias

Functional bias is a well-entrenched tradition within the leadership remuneration system. It assumes that someone deserves a higher salary because of their *seniority*, *specialisation*, or *strategic* importance.

#### **seniority:**

This dictates that those with the most senior responsibilities within teams (e.g., Chairperson-Board / CEO-Executive) receive higher remuneration. Makes sense, but how is the equitable relativity determined for example between the CEO and the Chair, or the Chair and Directors, or the CEO and other executives? Has the board assessed relativity ratios to benchmark and agree on what is acceptable equitable variations?

*PTM: In the profit-to-member superannuation segment why did the average investment executive earn more than the average CEO, in a year when investment returns (average balanced fund) were negative?*

#### **occupational specialisation:**

This dictates that some functional occupations warrant higher remuneration. Again, what is a fair relativity ratio. Are the board aware of the massive variations between either the remuneration of executives within the same team, or similar occupational specialisations within different funds, even those of a similar size?

*PTM: In the PTM super segment - a service-based people driven industry segment - why did one type of occupational executive on average earn more than twice the HR (People) executives?*

### **strategic importance:**

This dictates that the more strategically important leader earns more. As 'strategists' we won't question this, but will ask why not also purpose, culture, risk, and governance? Furthermore, as strategic (purpose or governance) imperatives change over time, boards adapt, update skill sets required, form new committees, and require further support from the executive team. As non-financial objectives become added to the strategic agenda, further strategic support is required by some executives. Shouldn't then the remuneration for these executives be reassessed in accordance with enhanced strategic importance and increased executive duties rather than tradition perceptions of functional specialisation.

*PTM: Given the importance of strategy, why is the number of executives with the functional specialisation of "strategy" itself, one of the lowest of all occupations within the system?*

## **scale bias**

Total (and average) leadership remuneration expense generally increases with larger organisations, although not as uniformly as you may expect. Many organisations use scale-based percentile ranges from 'industry' data for *competitive* remuneration offerings. If the benchmarking system used, does not actually consider your competition for leadership resources then by definition it is neither *competitive* nor *strategic*.

Do businesses understand their competition for leadership resources and how its landscape is not necessarily the same as the competition for customers? Furthermore, it can vary substantially according to functional specialisation. You can't compare the price for apples in amongst a bag of mixed fruit, unless you know which pieces of fruit are actually apples, oranges or even lemons. Remuneration that is not competitive, will not create the intended differentiation required, nor will it mitigate the key person risks.

*PTM: Executives who left their organisation for another role within the system, received an average increase in remuneration of 34%, or 66% if you include those accepting external promotions as new CEOs.*

## **recruitment & retention**

Key person risk must also consider scale bias. Leadership mobility within the system operates within a pattern of reasonably well-defined scale-based parameters. Likewise, recruitment and applicant screening demonstrates evidence of scale bias, prioritising the size of the candidate's organisation over potential functional specialisation or executive capacity. With a shrinking leadership resource based, largely due to fund merger consolidations, geography bias filters can exclude suitable leadership candidates located interstate, despite the lessons learnt from the COVID experience, regarding adaptability.

*PTM: In the last few years over 150 leaders (20%) have left the PTM super system, largely due to mergers. With turnover of (13.2%) within the system, the average organisation will lose 2.5 leaders per annum, with the average cost of turnover for each remaining fund estimated at between \$1.5-\$3m per annum.*

## **strategic gender inclusion**

Any strategy requires organisational analysis as part of the strategic formulation process. Likewise, without understanding the data drivers and biases for both remuneration and gender - from a resourcing, remuneration and relativity perspective - neither the desired gender inclusion, diversity, and equity journey nor destination purported in the purpose of many organisations will not be realised.

To achieve this a gender filter must be built into the remuneration system to enable the organisation to view the levers available to make a difference and the metrics to show progress.

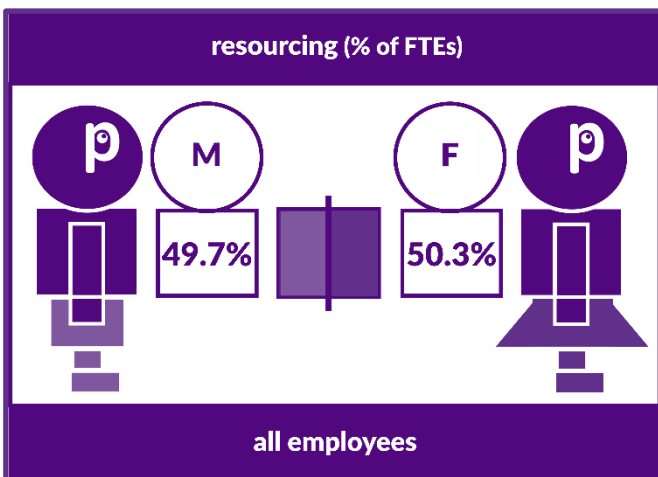
# 1. resourcing:

Resourcing is a fundamental consideration for gender equity in any system and a core component of the gender pay gap equation.

## all employees

Of the 10,484 FTEs employed within the PTM super segment, across all employee positions, the slight majority of PTM super fund employees were female.<sup>5</sup>

**graphic 2: gender resourcing (all fund employees)**



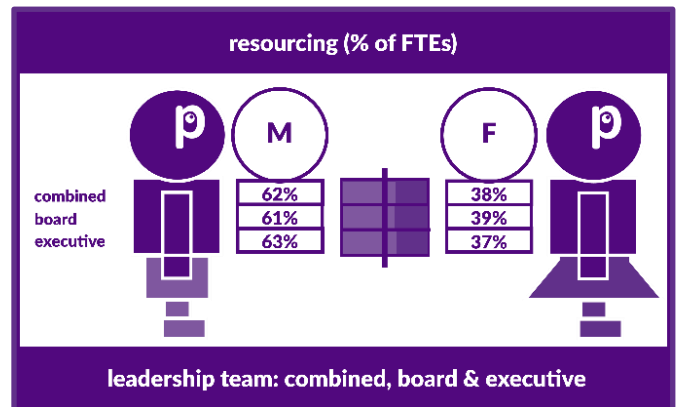
The Workplace Gender Equality Agency (WGEA) states that “more than half of all Australians work in an industry dominated by one gender.”<sup>6</sup> The PTM super segment with a gender ratio of almost 50:50 makes it one of the most representative segments in the country, from overall resourcing.

Large variations were observed within the system, with organisational ratios ranging from 75:25 to 40:60. Furthermore, overall scale of the fund (using a proprietary blend of assets and members) demonstrated little influence with only slightly positive scale-based trend line gradient.

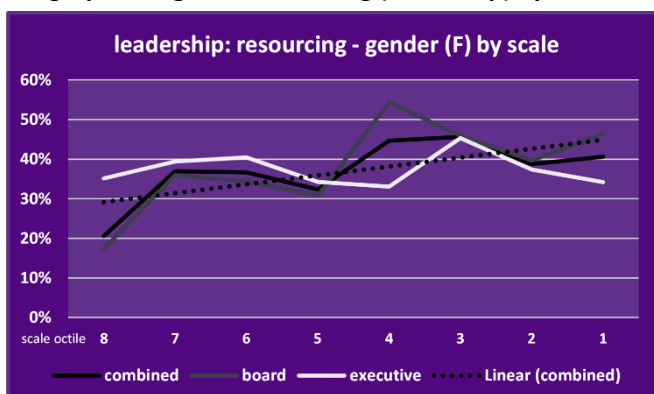
## combined leadership team

Unfortunately, the promising gender resourcing equilibrium demonstrated through overall employment with the PTM super segment, did not translate across into the leadership of the segment. The combined leadership team is dominated by male employment with a resourcing ratio of 62:38. Within this statistic is the collective gender equity of the board and the executive teams with M-F resourcing ratios of 61:39 and 63:37 respectively.

**graphic 3: gender resourcing (leadership)**



**graphic 4: gender resourcing (leadership) by scale**



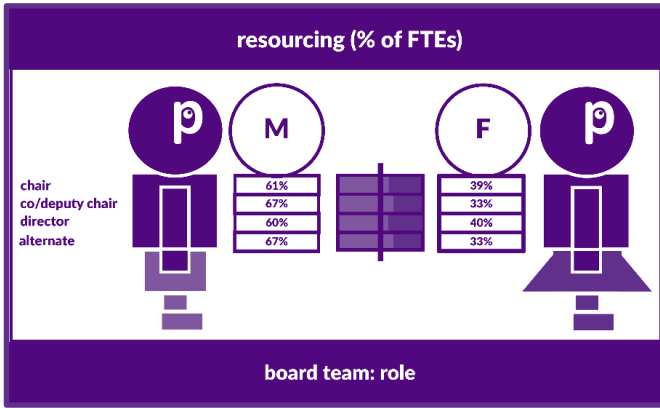
Graphic 4, considers the female percentage of leaders across the proprietary scale factor, categorised into octiles, from the smaller sized funds (octile-8) to the largest (octile-1).

Whilst gender resourcing is affected by scale it is neither a consistent increasing pattern overall, nor was it uniform between the board and executive teams. The greatest concentration of female leaders actually occurred within the 4<sup>th</sup> (board) and 3<sup>rd</sup> (executive) octiles.

# board team

From Graphic 3 above, the board resourcing was dominated by males within a ratio of 61:39. Within the Board teams, there are further observations required across the seniority and functionality of the responsibilities, roles, and representations within the Board team

**graphic 5: gender resourcing (board) by role**

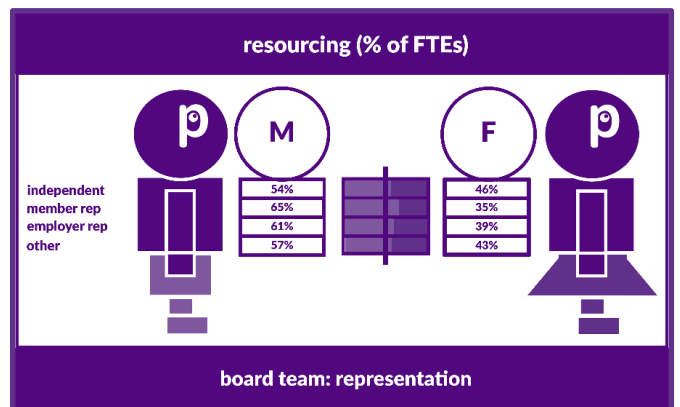


The first of these considers the seniority and roles within the PTM board teams. The most senior role within the Board Team is the chair, which in the PTM segment showed the gender resourcing ratio of 61:39, which although far from equitable compares favourably to the all-industry ratio of 82:18<sup>2</sup> (WGEA). Likewise, the ratio of non-chair role of the director 60:40 is favourable when compared to the WGEA statistic of 66:34 across governing bodies from all industries.

PTM super board teams are uniquely structured through a combination of independent, member and employer representative directors. Unfortunately, most board remuneration benchmarking services fail to consider the fact the difference in remuneration patterns for independent directors within the system.

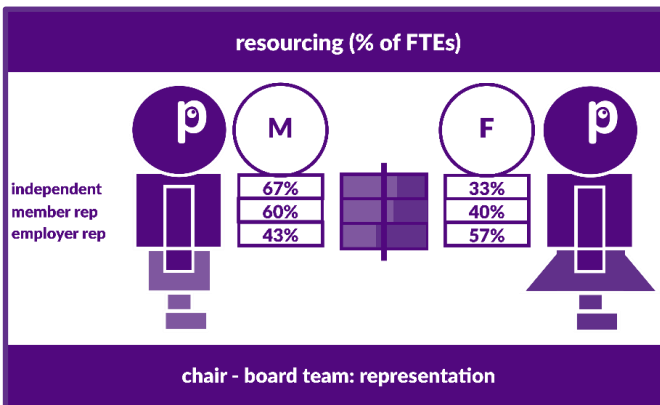
Amongst the representations evident within the PTM super boards, *independent* directors demonstrate the closest representation to resource equity with an employment ratio of 54:46. This is followed by *other* - mostly board and committee consultants identified as Key Management Personnel (KMPs) through governance and public disclosure documents - employer representatives and finally member representative directors.

**graphic 6: gender resourcing (board) by representation**



The final board resourcing image data below considers the representation of specifically the chair role.

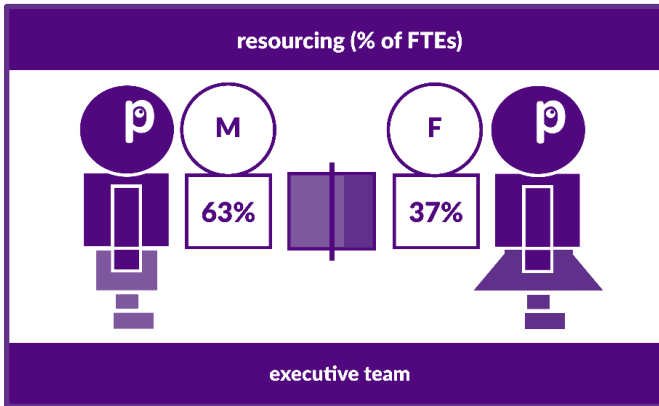
**graphic 7: gender resourcing (chair) by representation**



Graphic 6 above demonstrated that *independent* directors showed the best gender equilibrium across the board representation. However, *graphic 7* conveyed that the *independent* chair positions had the lowest female representation, with only one third being female. In contrast, chairs from *employer representation*, had a female majority in the PTM segment, whilst *member representative* chairs had a M-F ratio of 60:40.

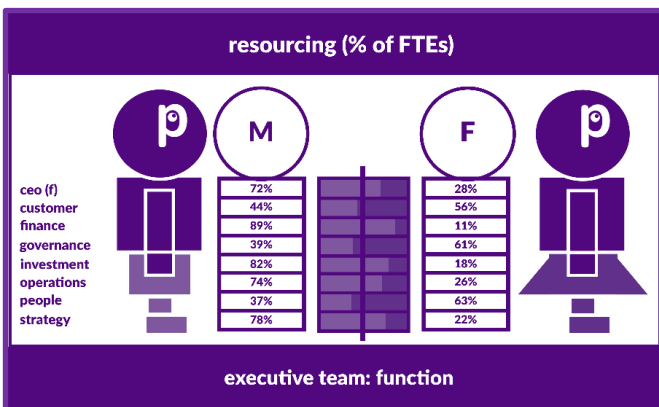
## executive team

**graphic 8: gender resourcing (executive)**



Here we see a much stronger male gender bias within the CEO (f) at 72:28 when compared to the overall executive team (63:27). Our data (not represented here) for CEOs without the Deputy have a 75:25 ratio, comparing only slightly favourably to the WGEA all industry average of 19.4% female CEOs. However, from a succession planning perspective (although only a small relative number of roles) the role of Deputy CEO with an inverse ratio of 33:67, shows some encouraging future planning gender implications.

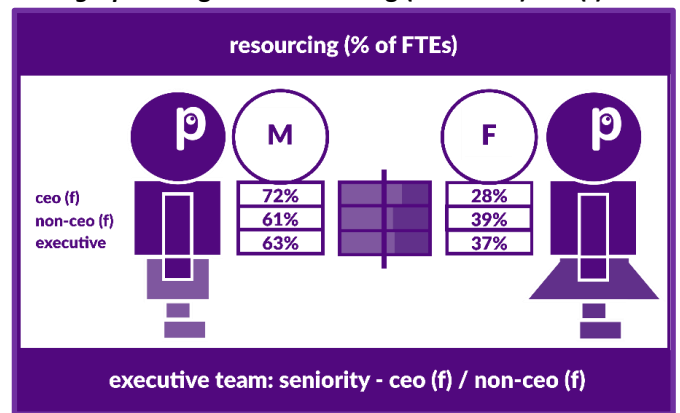
**graphic 10: gender resourcing (executive) function**



Within the PTM super leadership system, there are on average just under 7.5 FTEs per executive team, not enough resources to allocate 100% of an FTE to the main business functions listed. Of course, this considers a best-practice (not a best-fit) perspective, without considering the funds purpose and strategy. In fact, some funds double-up in function at the expense of others. The least resourced functions are strategy, people, and finance, although historically some finance & operations roles have merged.

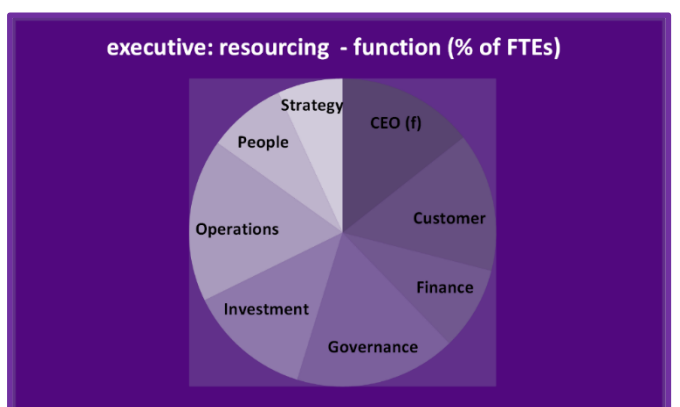
Graphic 8, demonstrates that executive resourcing was dominated by males within a ratio of 63:37, with slightly less of an equilibrium than the board teams. Next, we look deeper into the seniority and functionality of the functional responsibilities and roles within the Executive team. The graphic below views CEO function (CEOs and Joint/Deputy CEOs) to the remaining executive team. The role of the Deputy CEO has grown in popularity within the PTM system over the last few years.

**graphic 9: gender resourcing (executive) ceo (f)**



Graphic 10, looks into the main functions of the executive team with female resourcing ranging from 11% to 63% of FTEs, but the majority of roles are dominated by males, up to 89%. At this level, the functional gender bias within the team is most obvious. Likewise, later in the remuneration and relativity sections, a main source of the system gender pay gaps becomes far clearer, with some functions on average remunerated at over 200% to others. This creates a multiplier effect on the gender pay gap for these roles.

**graphic 11: overall resourcing (executive) function**



## 2. remuneration:

Next, we consider total remuneration expense within the system, demonstrating the significance of the nominal system gender gap and work needed to achieve #GenderEquity and continue to make #SuperSuper.

### all employees

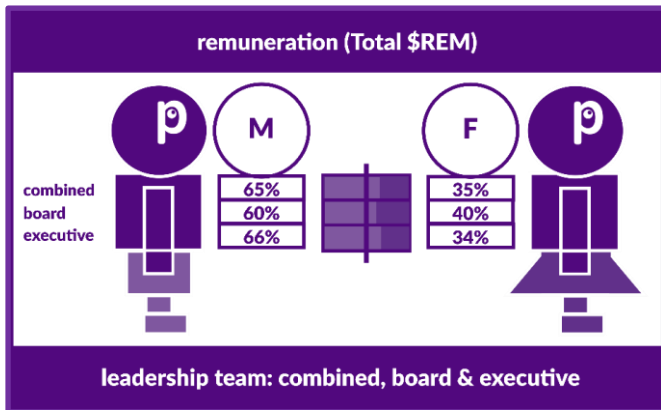
Unfortunately, there is no reliable data for total staff remuneration costs within super, despite APRA collecting *staff salary costs for employees, as per* collection item 10.6.2 SRS 330.0 (and SRS 730.0 item 10.6.3) for years now. We're not sure where the Australian Bureau of Statistics (ABS) use the information given that they don't recognise super funds as trading entities nor count them as businesses anymore.

APRA is increasing their focus on remuneration, as evidenced through references to *significant* expenses in the proposed *enhancements of SPS 515 - Strategic Planning & Member Outcomes* and of course their upcoming *CPS 511 – Remuneration*. Given a previous commitment to consider how they may “strengthen consideration of inclusion and diversity across its regulated industries”<sup>2</sup> perhaps they could collect just four single pieces of data to resolve the gap. In our view it would be certainly more beneficial to the system than for example, the remuneration expense associated with a non-executive involved in risk control.

### combined leadership team

For perspective, total combined leadership remuneration expenditure within the PTM super system was \$147m, excluding allowances for annual/long-service leave and special payments such as redundancies.

graphic 12: gender remuneration (leadership)



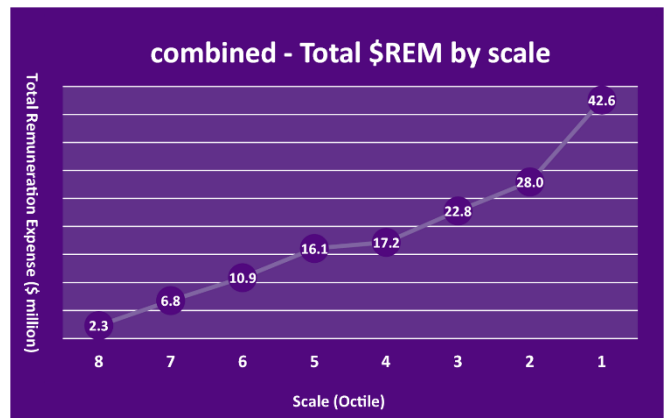
Almost two-thirds (65%) of (Total \$REM) is allocated to Males within the combined leadership team, less (60:40) at the board level and more (66:34) within the executive teams.

With almost twice as much total remuneration allocated towards Male executives as their Female counterparts, the variation within the combined leadership team, between the board and executive gender equity is evident.

Graphic 13, demonstrates how total remuneration for the combined leadership teams increase with the size of the parent entities, from the smallest to largest scale octile. It is this scale bias within the system that largely dictates the remuneration of the leadership, particularly the executive team.

It is also this *size matters* philosophy that can stifle mobility within the leadership system for leaders of smaller funds, despite other achievements (e.g. strategic and governance outcomes) and *executive* experience including support for the board.

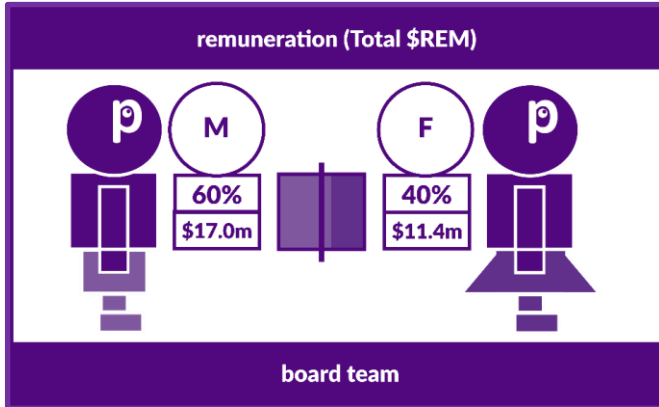
graphic 13: total remuneration (leadership) scale



## board team

The following graphics demonstrate the gender remuneration ratio between males and females within the board teams, in total, and across both seniority and representation within the teams.

**graphic 14: gender remuneration (board)**



The PTM system gender total remuneration gap had at a M:F ratio of 60:40 for the board teams. This means that the difference between the remuneration for males and females is equivalent to half the total expenditure allocated to females.

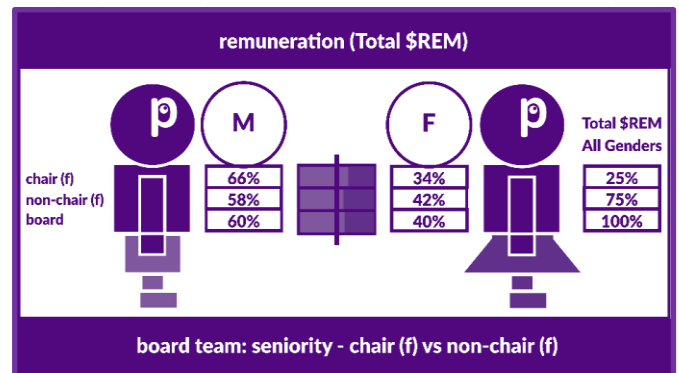
For perspective, this 60:40 gender ratio, equates to an additional \$5.6m in total allocated to male board team members, compared to their female counterparts.

Graphic 15, delves into this total remuneration bias further by viewing the seniority within the board across both the chair and non-chair functions.

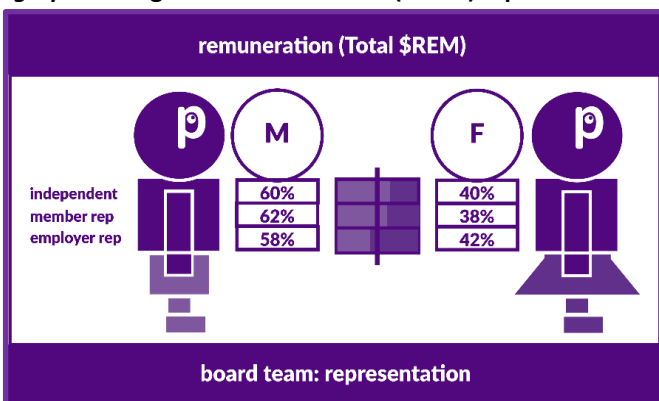
Within the chair function, almost two-thirds of total system remuneration is allocated towards males, with almost double the remuneration allocated towards males than females. At the non-chair level, the remuneration ratio is somewhat closer to equilibrium at 58:42.

Finally, the graphic displays the total non-gender-based percentage of total remuneration allocation between the chair and non-chair function at 75:25.

**graphic 15: gender remuneration (board) seniority**



**graphic 16: gender remuneration (board) representation**



The final graphic 16, demonstrates the total remuneration within the PTM board team system across the representation of the board including independent and member or employer.

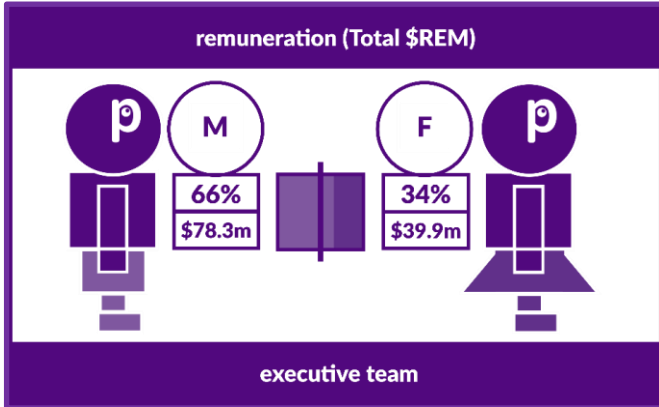
Employer representative board members demonstrate a slightly more equitable gender ratio of 58:42, followed by independent members of the board at 60:40, which is more in line with the overall board team remuneration ratio. Member representative board members, have a slightly lower ratio of 62:38.

Board remuneration within the PTM system has significantly shifted over time away from all-encompassing flat fees to a hybrid model considering both increased responsibility (such as the chairing of committees) and an activity-based components, including board/committee attendance. In addition, boards should regularly review remuneration ratios between roles/seniority and be aware of the optics to stakeholders when certain committee membership are priced above others. Finally, shifting board committees and non-financial objectives and risk, can dramatically change the strategic and governance involvement and responsibilities of their executive teams, whose remuneration should consider such changes.

# executive team

In the next section, the following graphics demonstrate the gender remuneration ratio between males and females within the executive teams, in total, and across both seniority and functional roles within the teams.

**graphic 17: gender remuneration (executive)**



Graphic 18, delves into this total remuneration bias further by viewing the seniority within the executive across both the ceo and non-ceo functions.

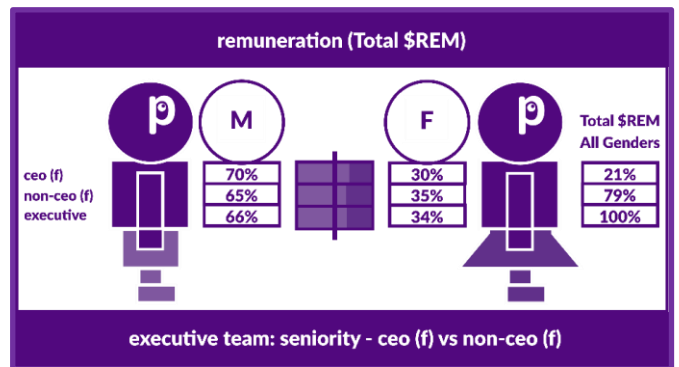
Within the ceo function, 70% of remuneration was allocated towards males. This is more than double the remuneration allocated towards females. At the non-chair level, the ratio is 65:35.

Finally, the graphic displays the total non-gender-based percentage of total remuneration allocation between the ceo and non-ceo function at 79:21.

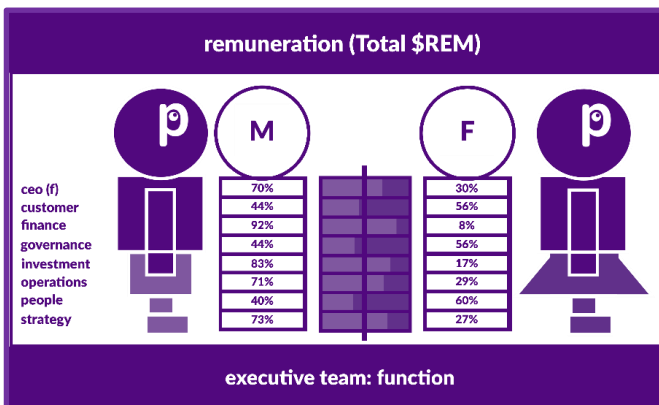
The PTM system gender total remuneration gap had at a M:F ratio of 66:34 for the executive. The difference between the remuneration for males and females is not too far off half of the male allocations or double those allocated towards the females.

For perspective, this 66:34 gender ratio, equates to an additional \$38.4m in total allocated to male board team members, compared to their female counterparts.

**graphic 18: gender remuneration (executive) seniority**



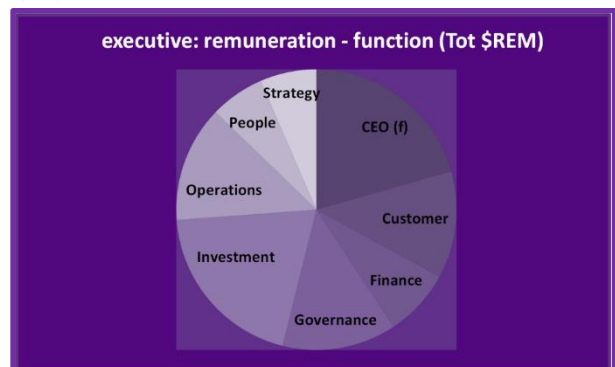
**graphic 19: gender remuneration (executive) function**



Graphic 19, demonstrates the total remuneration within the PTM executive system across the functional roles and responsibilities.

The *customer*, *governance*, and *people* functions allocated more total remuneration to females within the system. The majority of functions produced higher total allocations towards males. Of the functions, *finance* had by far the lowest total female remuneration in the system followed by *investments*, *strategy*, and *operations*.

**graphic 20: overall remuneration (executive) function**



Graphic 20, looks at the non-gender total allocation of system remuneration across executive roles and functions. The *ceo (f)* receives the largest allocation, followed by *investments*, *operations*, & *governance*.

The lower allocations are *people*, *strategy* & *finance*, which although not demonstrated in the graphic, the total allocation of these three functions combined add up to the same total system remuneration for *ceo (f)* and just above the allocation to *investments*.

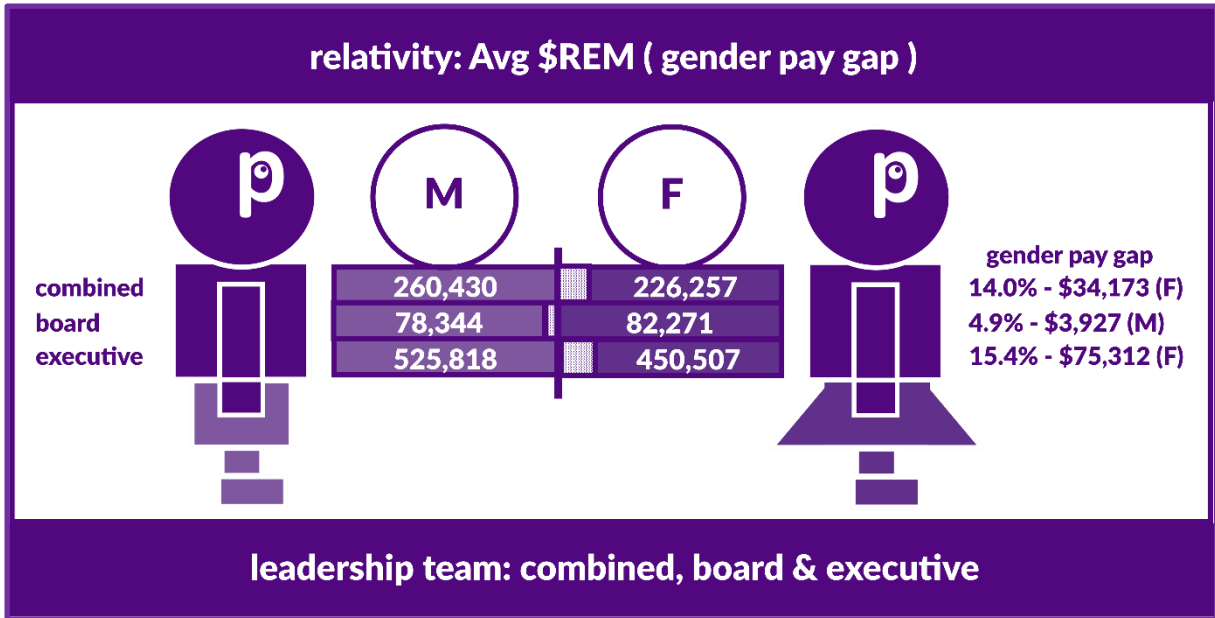
### 3. relativity: Avg \$REM (gender pay gap)

Having viewed the total number of leaders employed within the system (resourcing) and the total combined expense for their employment (remuneration), we compare the two statistics to produce the average (mean) remuneration at a gender-based level (relativity). It is this figure that is commonly referred to as the gender pay gap, which can be provided as either a nominal figure or a percentage. Whilst we prefer the nominal amount in this report, where the percentage is displayed, we use the non-biased “percentage difference” to calculate the gender gap.

#### combined leadership team

The below graphic demonstrates the nominal gender based average remuneration of the combined leadership team, and it’s two components of the separate board and executive teams. In addition, it highlights the gender pay gap in both nominally and as a percentage difference.

graphic 21: gender relativity (combined leadership) gender pay gap



At the combined team level, the average remuneration is \$260,430 for males in the leadership team and \$226,257 for females, with a gender pay gap of \$34,173 less for Females with a percentage difference of 14.0%. This combined leadership team figure is an illustrative one used for an overall comparison.

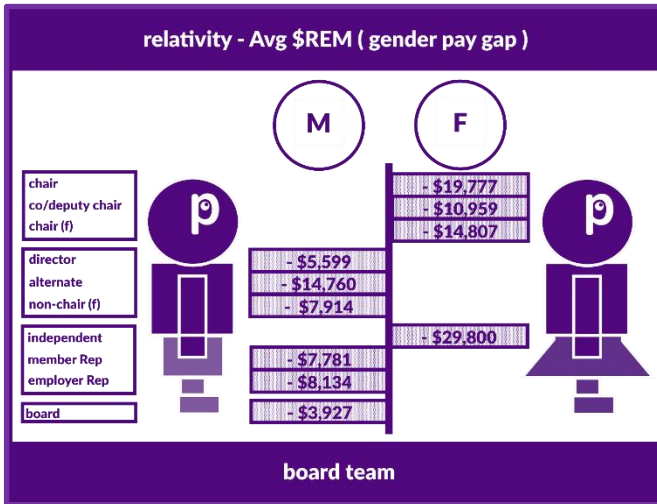
Within the board, the average remuneration is \$78,344 for males and \$82,271 for females, with a gender pay gap of \$3,927 less for males and a percentage difference of 4.9%. Further investigation into why this gender pay gap favoured the female members of the board, revealed that the largest influencing factor was the substantially higher proportion of males in voluntary board positions, particularly within *alternate* director roles within the system. When this was factored into the calculations, the gender pay gap, whilst still in favour of females, was reduced to a nominal difference of just \$50, or 0.1%. We are comfortable with taking the position that there was no overall gender gap at the board level within the PTM system.

At the executive level, the average remuneration is \$525,818 for males and \$450,507 for females, with a gender pay gap of \$75,312 less for females with a percentage difference of 15.4%. Whilst the PTM super system should be congratulated on the achievement of overall gender equity at the board level, it is clear that the overall focus for transformational strategic change should be applied at the executive level.

## board team

Although the overall board gender pay reached close to equilibrium, there are significant variations within the board team when considering the seniority, roles, and representation within.

**graphic 22: gender relativity (board) gender pay gap**

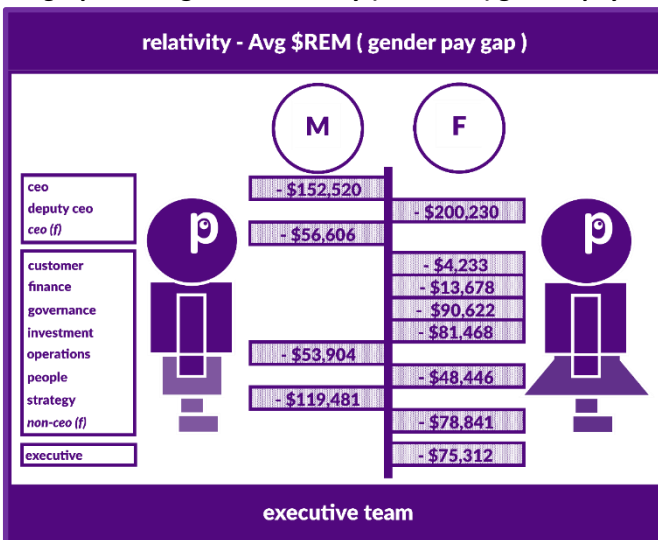


The most obvious differences occur within the *representation* of the board, where the gender gap for female *independent* directors is \$29,800. This is largely influenced by total remuneration of the male independent chairs within this cohort.

The next most noticeable difference is within the *chair* role and the *co/deputy chair*. Within the *non-chair (f)*, the largest nominal gender pay gap is for male *alternate* directors, which as previously discussed was largely influenced by the number of male vs female alternate directors in voluntary roles, not receiving remuneration.

## executive team

**graphic 23: gender relativity (executive) gender pay**



The most obvious nominal differences within the executive team occur within the CEO function, where both the CEO role itself and the overall CEO function demonstrate a substantial nominal gender pay gap, in favour of females.

This is largely influenced by the placement of the female CEOs across the scale of the funds. Despite the proportion (25%) of female CEOs, over three quarters of them, are placed within the 4 largest scale octiles, which dramatically influences the average \$REM for female CEOs.

As above, the placement of male Deputy CEOs within the scale compared to the females, has a dramatic effect on the gender gap.

Amongst the *non-ceo functional* roles, only two other executive functions produced a functional gender pay gap favouring females, being *strategy* (the largest nominal non-ceo pay gap of \$119,481) and *operations*. The largest non-ceo functional male biased pay gender gaps were *governance* and *investments*. The overall gender pay gap for the executive team was \$75,312 in favour of the male executives.

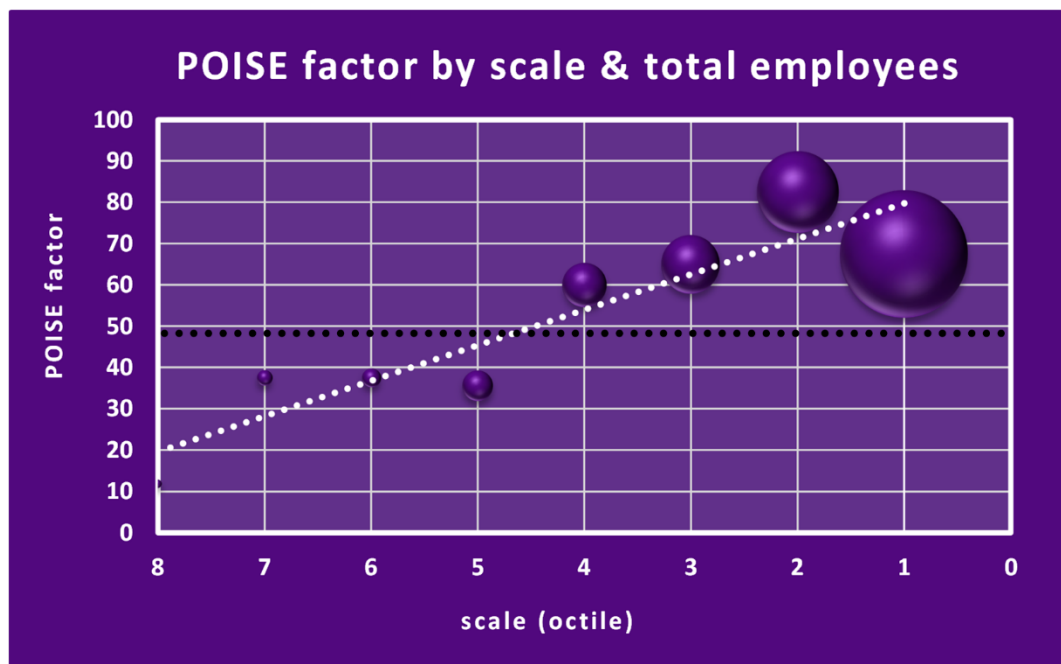
In order to effect strategic change within a system such as the executive leadership PTM super system, you must first understand the components of the system, its biases, strengths, and weaknesses to understand the opportunities and challenges. Strategically, this is equivalent to the organisational analysis phase within the strategic journey. The research behind this report, was designed with this intention in mind, both for individual organisations within the PTM super segment and for inclusion activists, advocates, and allies.

## the POISE Factor

The next section of the report is the findings from an experiment conducted, designed on the principles of strategic inclusion. The objective of the research was to identify how well the current parent entities within the PTM super segment, openly demonstrated a commitment to the principles of open strategy, transparency, inclusion, diversity, equity and belonging towards multiple stakeholders. This was tested against the content of their annual reports, including any further fund documentation referenced within.

We called this the *POISE factor*, using the idea of organisational balance or equilibrium. The acronym stands for how well an organisation is a *Perceived Openly Inclusive & Strategic Entity*. The rating system works from 0 to 100, with the best POISE factor score being 100. The graphic below shows the results of the research

**graphic 24: POISE Factor by scale.**



Organisations are collated into scale octiles from 1 to 8 on the x axis, representing the size of the combined organisations (based on our proprietary scale system considering assets and number of members accounts). The potential POISE factor scores (from 0 to 100) are on the y axis to the left, with the average score for scale Octile shown as the plot points. The size of the bubbles used represent the total number of staff within each scale octile. The black dotted line shows the average score across all parent entities within the system, which was just shy of 50% at 49.7. The white line is a linear trend line, that demonstrates that when the organisations are collectively grouped into scale-based octiles, that the overall POISE factor does increase with scale. (For stat lovers the  $R^2$  or *coefficient of determination* was just under 0.85).

However, linear trend lines can oversimplify matters. It must be noted that the increase from one scale octile to the next is not uniform. More importantly, within each octile, the individual organisations displayed sizeable variations in their own POISE factor scores. Within the PTM super system, individual organisational scores were recorded across the complete continuum of potentials scores from 0 to 100.

In fairness, this experiment was conducted from a best-practice perspective without being privy to the strategy work of each organisation, which would be required to understand purposeful priorities and develop a best-fit approach. As a result, stakeholder groups were treated on an equal basis. However, it did reveal the wide variation of approaches and effectiveness of purposeful stakeholder strategic inclusion, even within organisations of similar scale and resources.

## conclusion:

Despite not technically being considered an 'industry', nor the super funds 'businesses', superannuation represents the retirement savings of 16.6 million citizens and has grown to \$3.5 trillion in assets, now the second largest component of the financial system in Australia.

Although the overall total staff employment within the profit-to-member super segment displays gender resourcing equilibrium, there is no reliable gender-based remuneration nor relativity metrics. This could be easily rectified, with handful of data from the super funds, collected, collated, and shared by APRA.

Unfortunately, the employment resourcing equilibrium demonstrated for all superannuation staff, does not translate to the same level of gender equity within the leadership teams. A gender bias towards males is evident through almost all resourcing, remuneration and relativity across the combined leadership, board, and executive teams. The only exception is the relativity of average remuneration at the board level, with a slight bias towards females, which becomes almost negligible once voluntary roles are considered.

Organisations - many not meeting all financial objectives - are now under pressure from stakeholders (such as legislators and regulators) to also include non-financial objectives. It appears to be *uncommon sense* to incorporate those non-financial objectives (e.g., gender inclusion, diversity, and equity) that have proven potential to assist achieving financial objectives, mitigate emerging risks, and help societal sustainability.

For gender inclusion to be *strategic-ally successful*, it must be visibly integrated into the core strategic objectives, evident within the strategy process and clearly backed by C-Suite leaders, allyship, accountability, measurement, and reporting. Those organisations purporting to support gender inclusion through purpose statements without backing it up in their strategy and tactics face an increasing incongruence risk. Unfortunately, the results of the POISE factor analysis - which looked at strategic transparency, inclusion, diversity, equity and belonging towards multiple stakeholders - was a little unexpectedly disappointing across the PTM system.

Remuneration and the gender pay gap are intertwined and are best both understood together through organisational analysis that encompasses resourcing, remuneration and relativity. To comprehend the strategic enablers to drive gender equity, biases within the system (including both scale and function) must be understood and traditional assumptions challenged to find a new understanding of equity given the variations between functional specialisation and changes to executive responsibilities.

Organisations have many metrics within their existing remuneration systems that can be used to both benchmark relativity within their internal teams, externally with the competitive landscape and to track progress towards improved gender equity outcomes.

The profit-to-member superannuation funds are in such a unique position to continue contributing towards gender inclusion, diversity, and equity within the superannuation industry through connections to organisations such SMCA (formerly AIST), Australian Council of Superannuation Investors (ACSI) and Fund Executives Association Limited (FEAL) but also far wider through their large network of connections within Women in Super and other women in industry groups.

We must change to affect change...

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See [perple SHIRTS](#) for more information on our revolutionary remuneration research for the PTM Segment.

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### vision:

*to openly enable a new inclusive global strategic paradigm.*

