

Superior Mutual Leadership:

what staff and company surveys tell us about AFM membership in 2023

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*what staff and company surveys tell us about
leadership in AFM members in 2023*



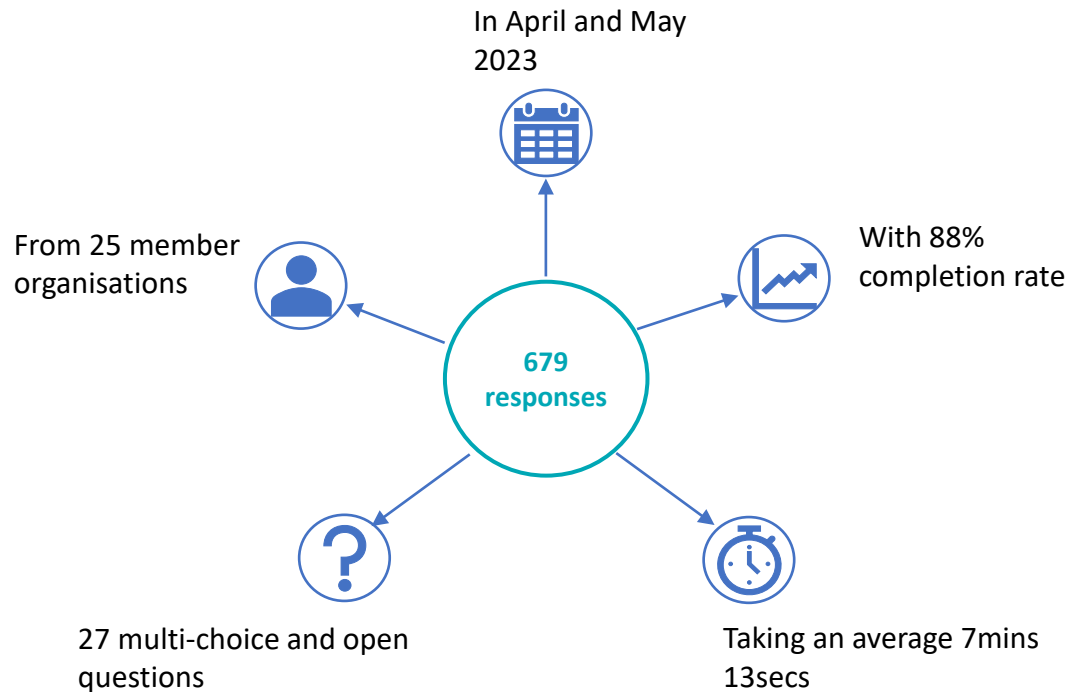
Martin Shaw, AFM

and



Hirish Ragoo, Grant Thornton

2023 staff survey



Organisation	Responses	Organisation	Responses
Cirencester Friendly Society	53	PG Mutual	13
Exeter Friendly Society	81	Transport Friendly Society	16
Healthy Investment	8	Activities Industry Mutual	2
Shepherds Friendly Society	65	Sovereign Health Care	18
Metropolitan Police Friendly Society	26	Foresters Friendly Society	22
Forester Financial	132	Grand United Order of Oddfellows	2
Health Shield Friendly Society Limited	64	Bus Employees' Friendly Society	1
Holloway Friendly	49	Sheffield Mutual Friendly Society	1
Benenden Health	22	Scottish Friendly Assurance Society	5
Cornish Mutual Assurance	41	UIA (Insurance) Ltd	2
Compass Friendly Society	1	British Friendly	2
Wiltshire Friendly Society	14	Dentists' & General Mutual	4
The Oddfellows Manchester Unity Friendly Society	24	Other (please specify)	11

AFM ran similar exercises in 2016 and 2018; the latter attracting 605 responses. All results were shared with CEOs in aggregate, and for AFM members with 20 or more responses, a bespoke set of slides was provided.



Board remuneration and composition survey

We have been running this exercise for over 10 years, with members asked to send in responses via an online survey. This year we have worked with Grant Thornton to analyse the responses.

26 member provided a completed survey, covering all elements of AFM membership (31 in 2022), though in some cases, not all aspects were completed:

Anglo Saxons Friendly Society	LV=	The Oddfellows
Benenden Health	MDDUS	The Original Holloway Friendly Society Limited
Bus Employees Friendly Society	Metropolitan Police Friendly Society	Healthy Investment
Compass Friendly Society Limited	Scottish Friendly Assurance Society Ltd	Transport Friendly Society
Cornish Mutual	Sheffield Mutual	UIA Insurance Ltd
Dentists' and General Mutual Benefit society	Shepherds Friendly Society Ltd	Veterinary Defence Society
Foresters Financial	Sovereign Health Care	Welsh Hospitals & Health Services Association
Foresters Friendly Society	Tees Mutual	Wiltshire Friendly Society Limited
Healthshield Friendly Society	The Medical Defence Union	



Things that attract people to work in the sector

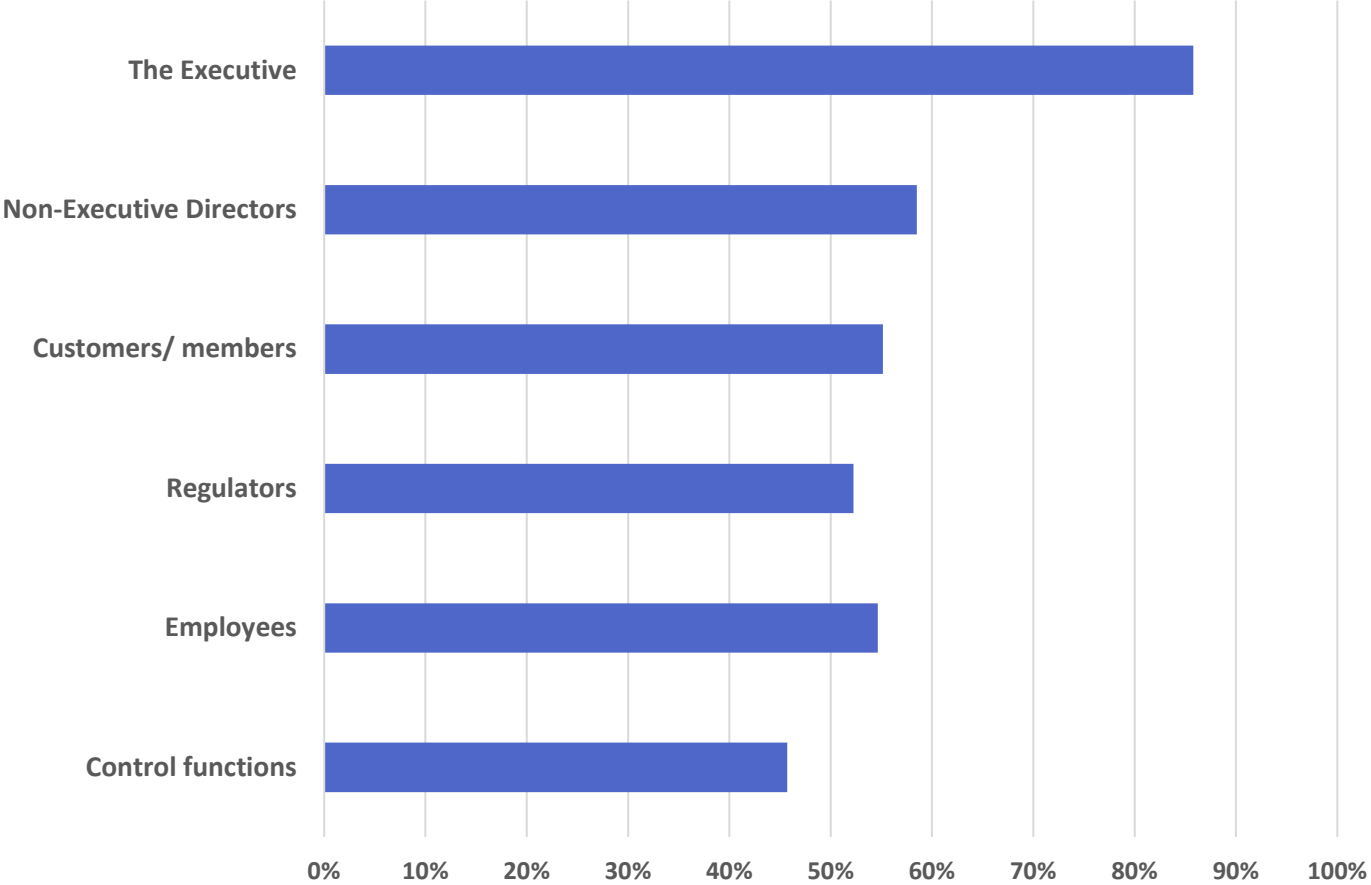




Culture

Influence, opportunities
and outcomes

Who influences culture most?



Executives are perceived to have the greatest influence on culture, and control functions the least.

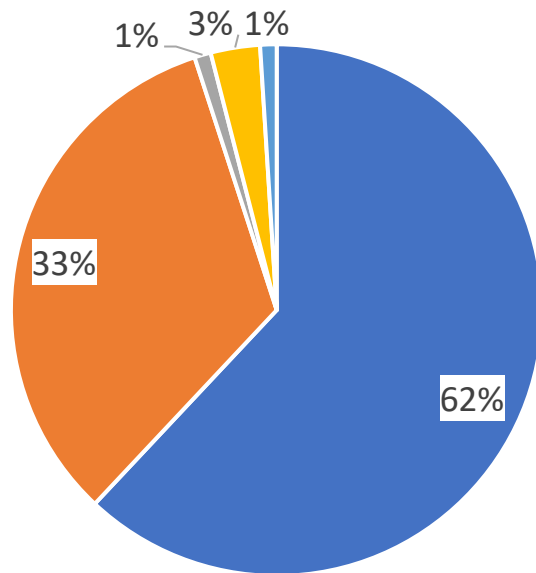
The pattern is very similar to 2018.



Clarity of leadership

Our leaders clearly communicate the organisation's vision, culture and objectives

■ strongly agree ■ partly agree ■ not sure ■ partly disagree ■ strongly disagree



62% strongly agree that their leaders clearly communicates the vision, culture and objectives (60% in 2018).

Respondents are motivated by leaders to achieve exceptional results.

Our leaders motivate me to achieve exceptional results

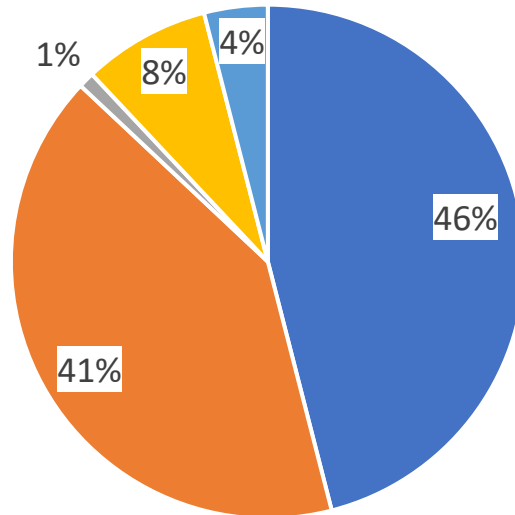
0 1 2 3 4 5 6 7 8 9 10



Supporting the team

I have every opportunity to grow my capabilities to be the best I can be

■ strongly agree ■ partly agree ■ not sure ■ partly disagree ■ strongly disagree



46% strongly agree they have an opportunity to grow, up from 42% in 2018.

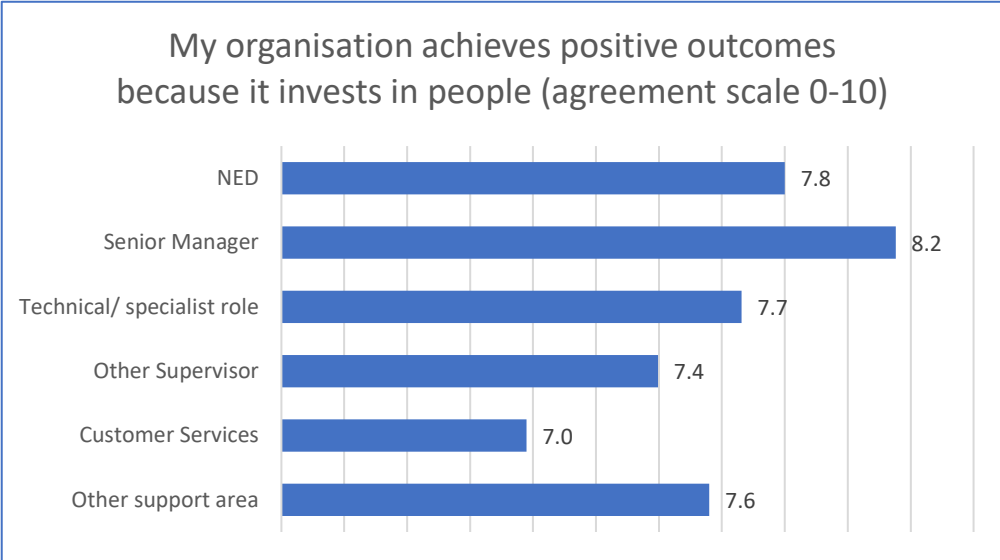
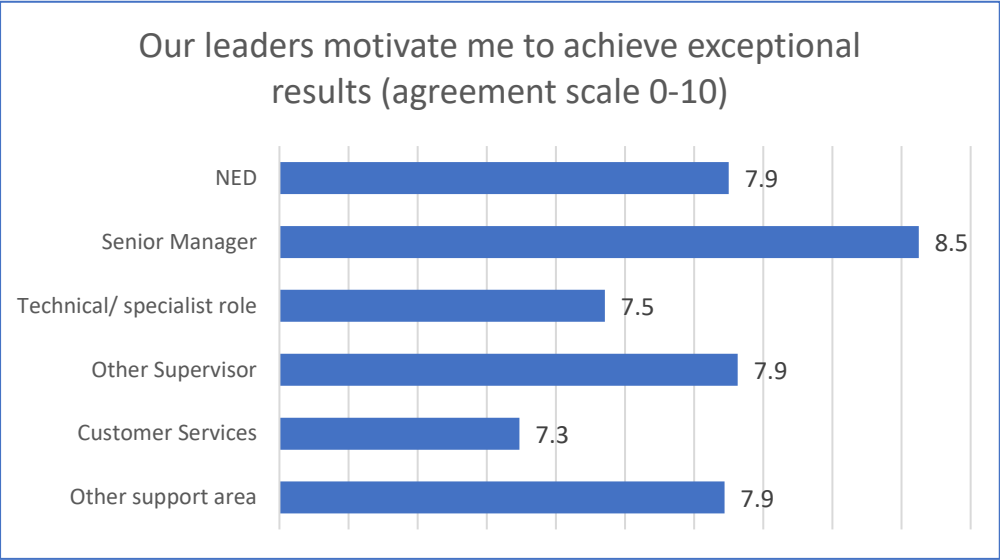
Staff scored their business 8 out of 10 for achieving results through investing in people

My organisation achieves positive outcomes because it invests in people

0 1 2 3 4 5 6 7 8 9 10



Does motivation vary by role?

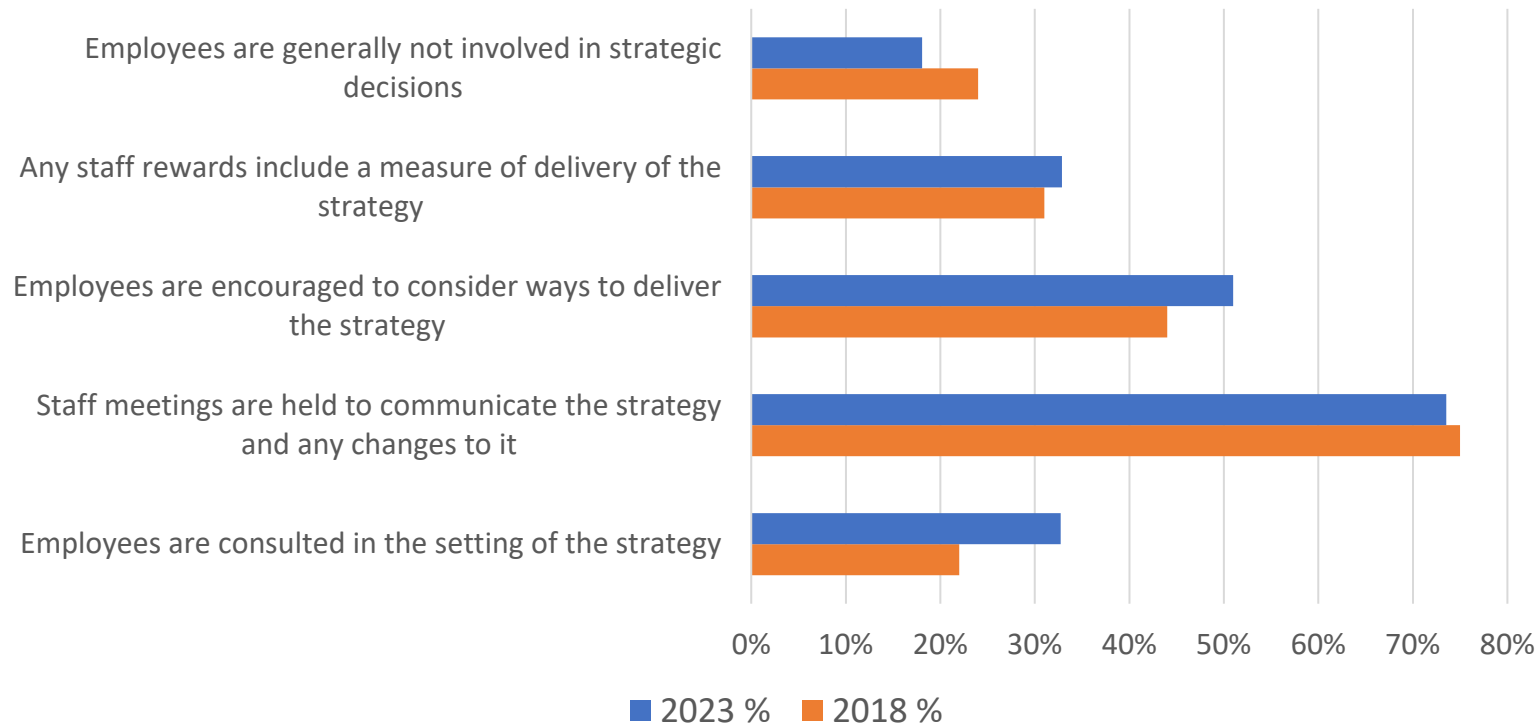


Scores are generally high (these questions are drawn from an Investors in People survey).

Senior Managers are most positive; customer services teams are least motivated by their leaders and feel least invested in.



How is the strategy set?

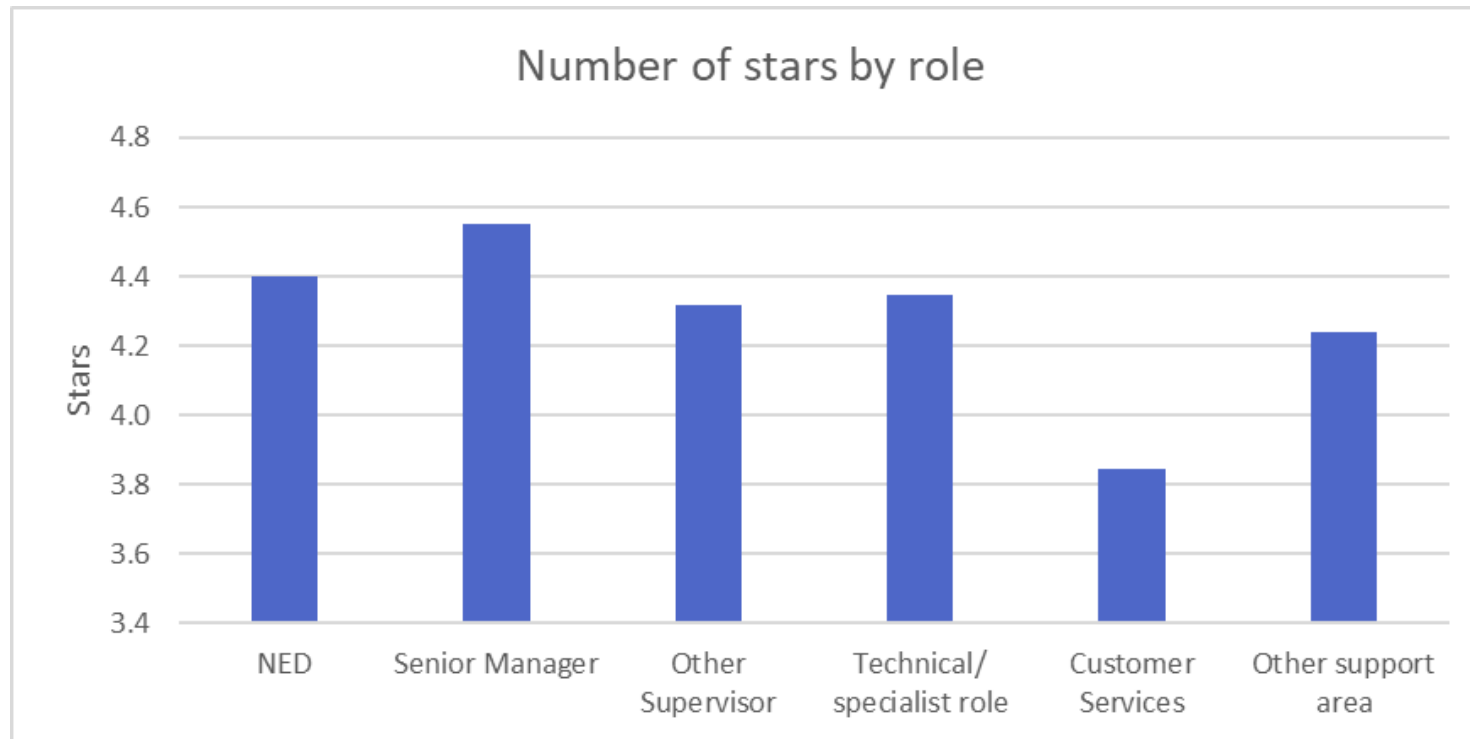
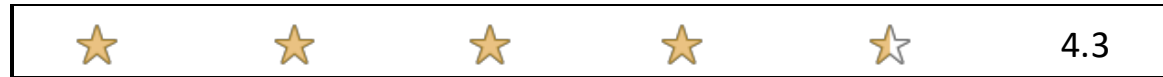


Employees are more invested in setting and delivering their organisation's strategy than in 2018, and there is a greater focus on consultation rather than top-down communication



The importance of the work environment

How many stars would you give your employer for being a great place to work



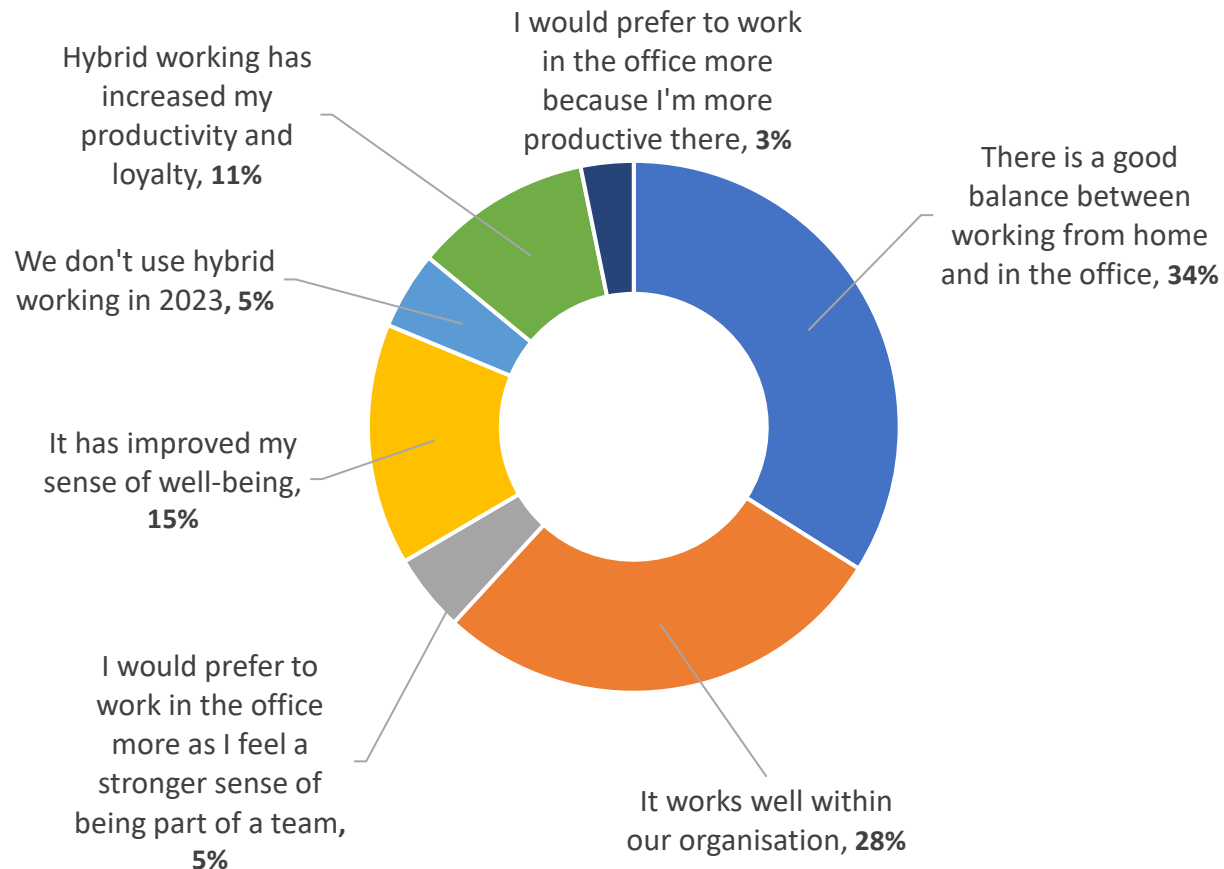
The ranking has increased from 2018, from 4.2 to 4.3 out of 5.

On average, customer service teams gives the least number of stars



The way we work today

How do you think hybrid working has affected your business?

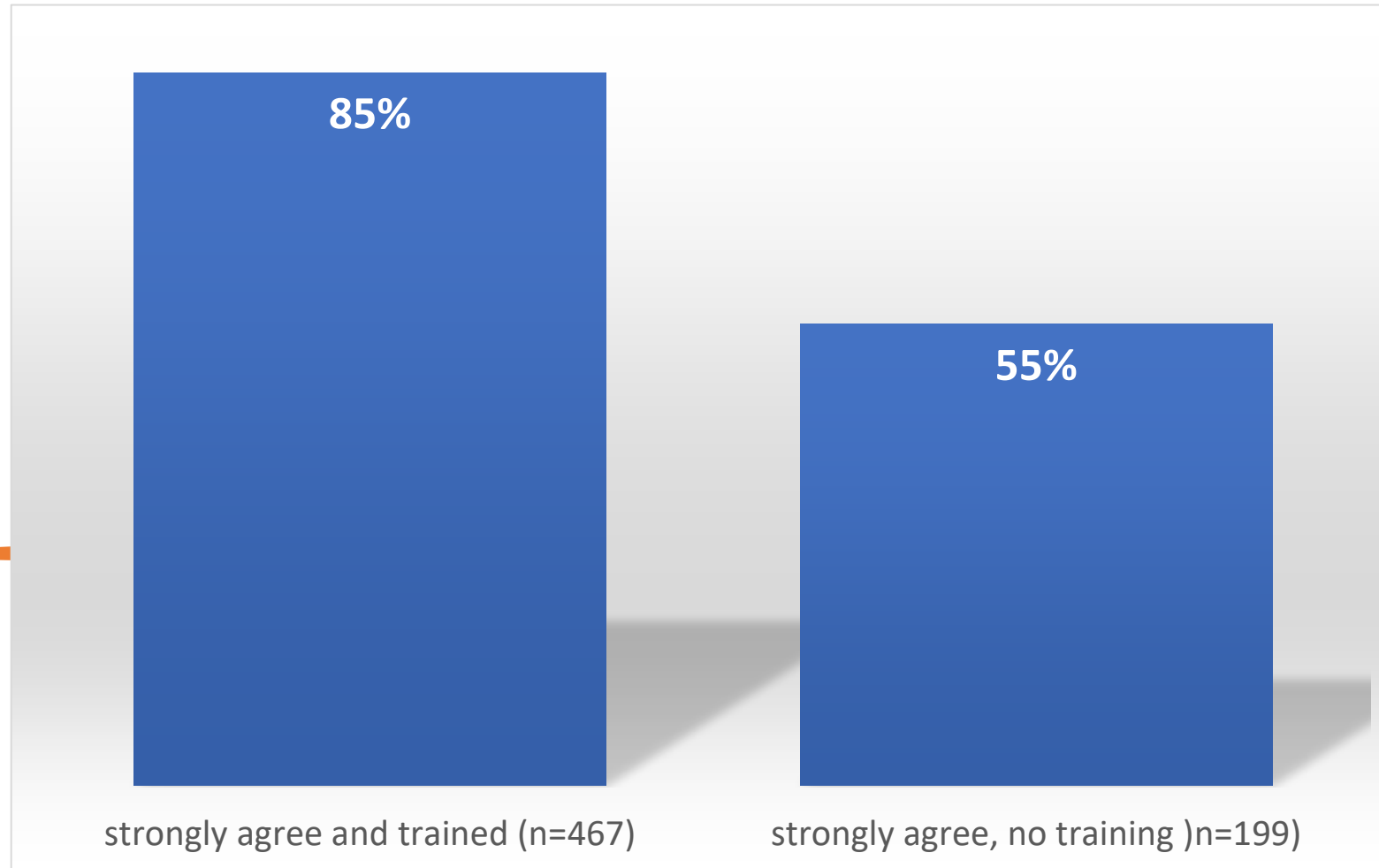


This was a new question for 2023!

87% positively affirm the benefits of hybrid working



Training on mutuality gives confidence to staff on benefits of business model

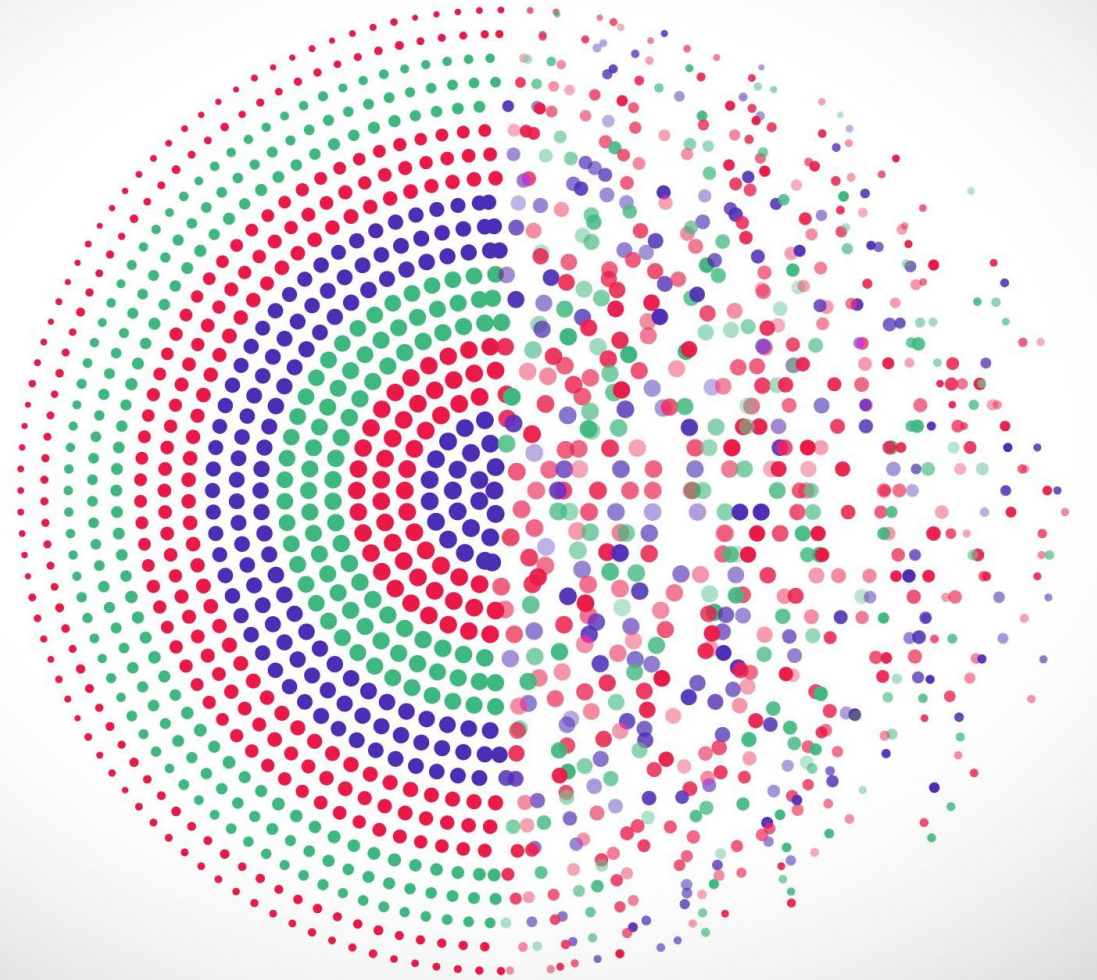


More respondents strongly agree that their organisation is clear about the importance of being a mutual, after training.

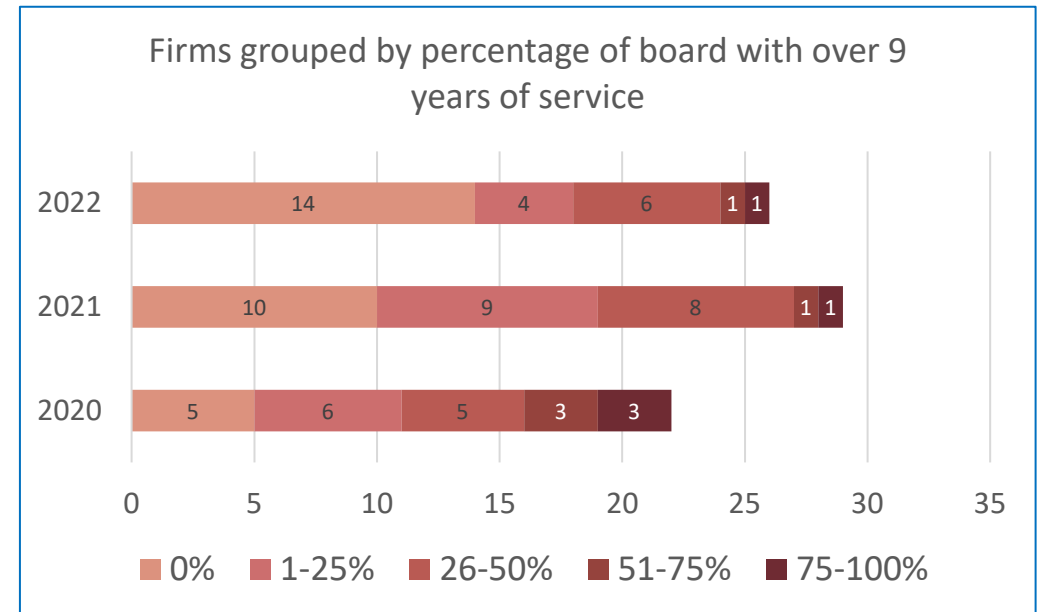
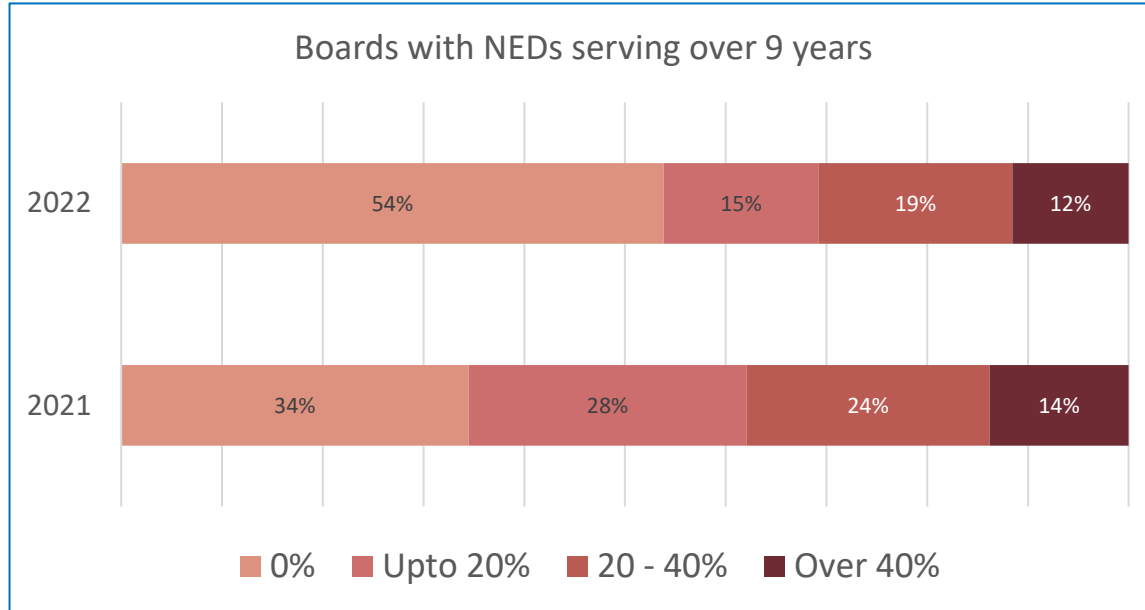




Board Tenure and remuneration



Board Tenure



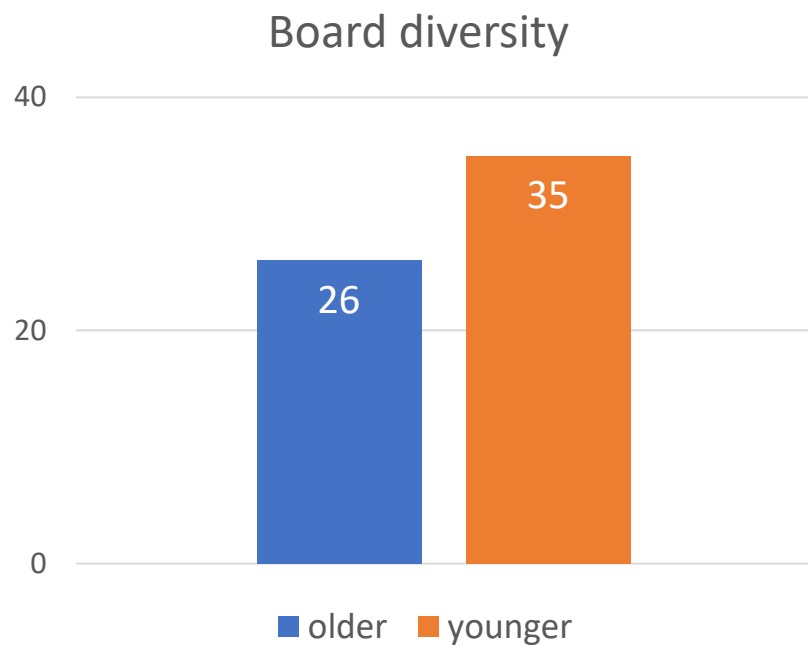
These charts show that fewer AFM members have NEDs serving over 9 years: 14 Boards had no long-serving NEDs, compared to five in 2020, though there were two Boards with at least 50% of NEDs that had served over nine years.

In total, 16% of NEDs had served over nine years, compared to 20% in 2021 (5% for larger organisations, 21% for smaller firms).



Board Tenure and culture

Leaders communicate vision, culture and objectives	Leaders motivate me to achieve great results	I have every opportunity to grow my capabilities	Board creates culture that promotes diversity	My organisation puts customers first	My organisation is a great place to work
					

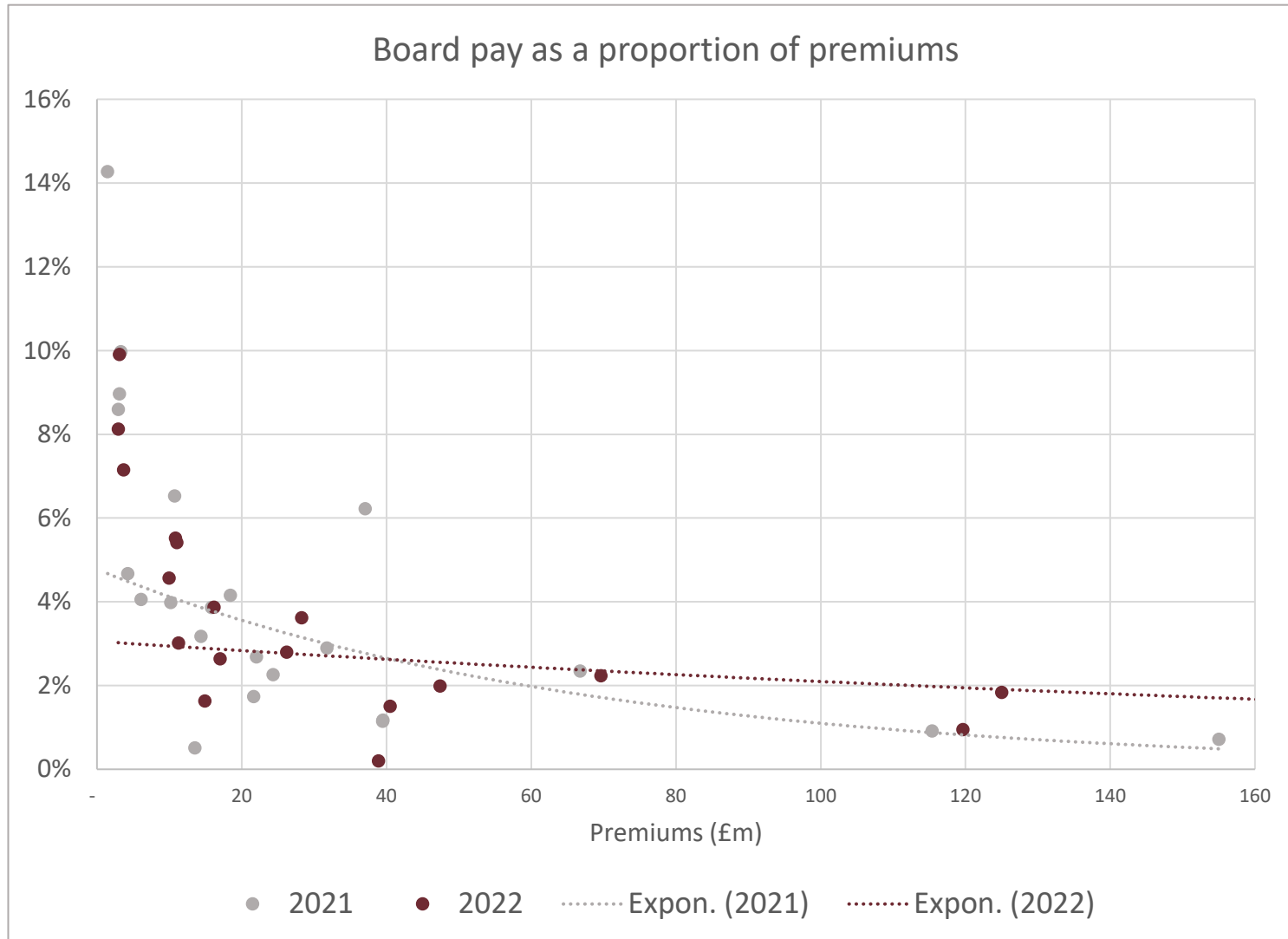


The chart shows Boards with higher turnover are more diverse.

The table compares Board with two or more NEDs who have served over 9 years, with those with no long-serving NEDs. “Older” boards are not slower to adopt a healthy culture.



Total Board Remuneration



The chart shows board pay as a proportion of premiums. The board remuneration of larger organisations- with over £20M premiums- is a smaller proportion of premiums compared to smaller firms.

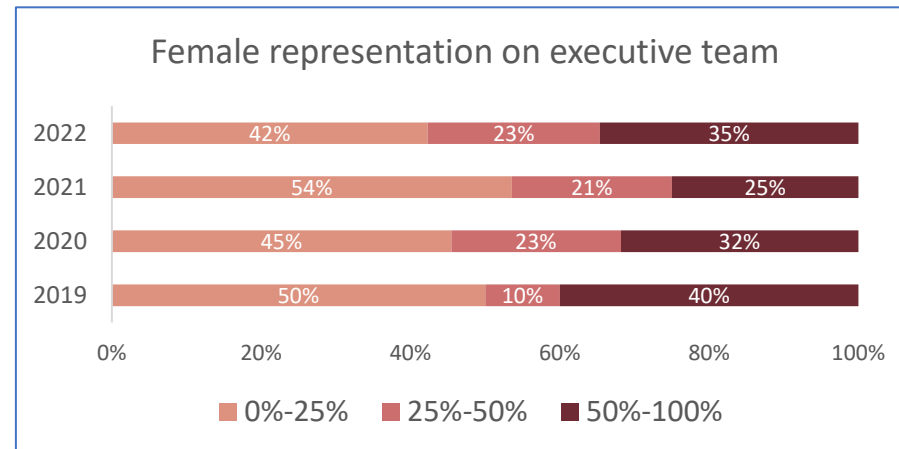
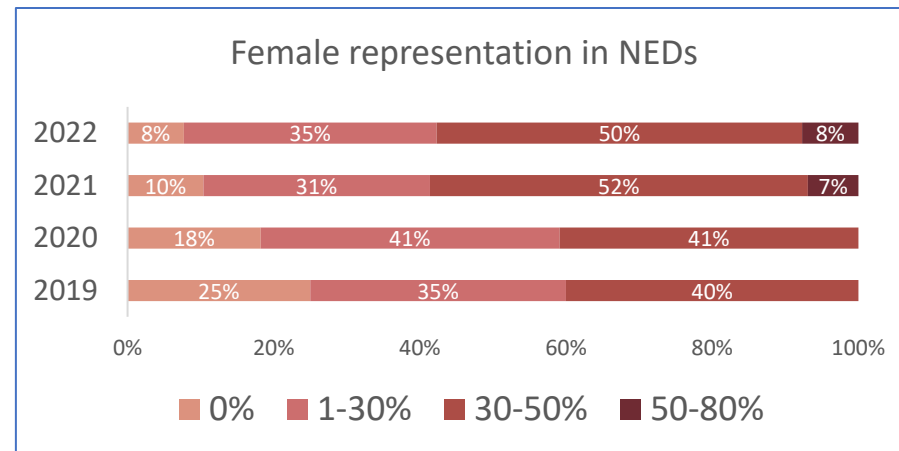
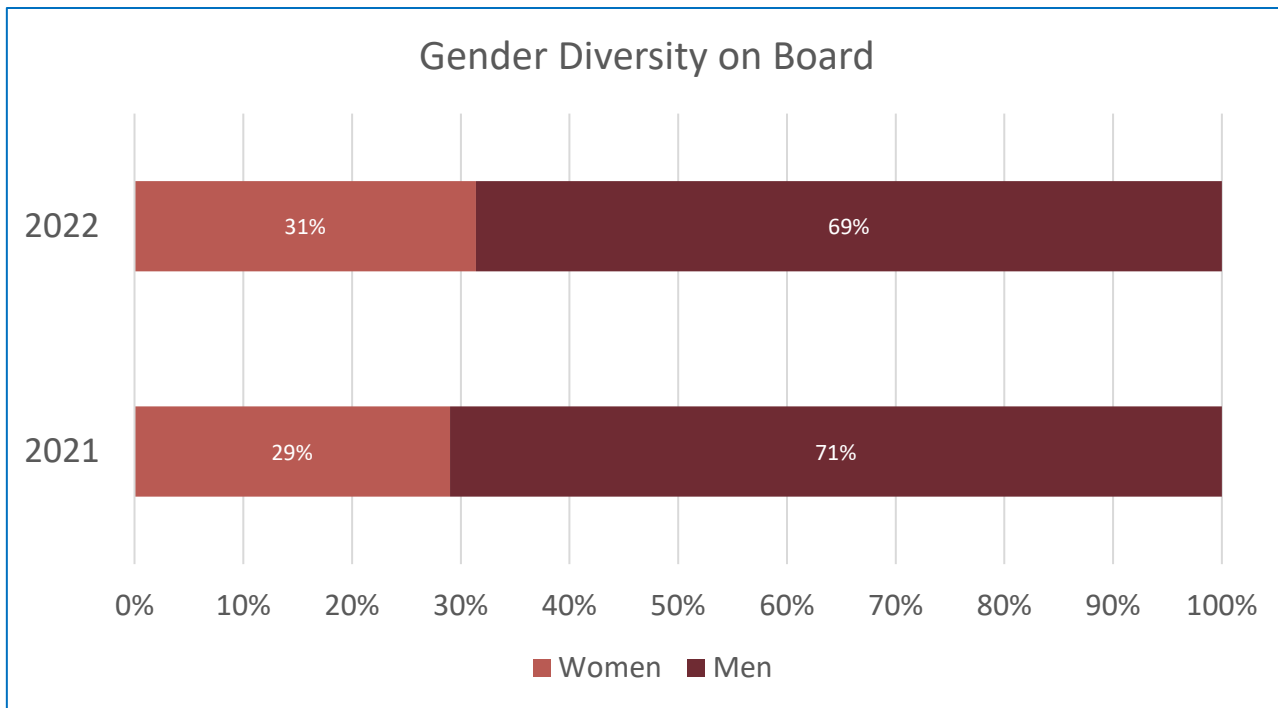
The 2022 trend line is flatter than that of 2021, meaning there are fewer outliers amongst smaller firms, and that board pay was better correlated to size in 2022.





Diversity

Gender split across Boards



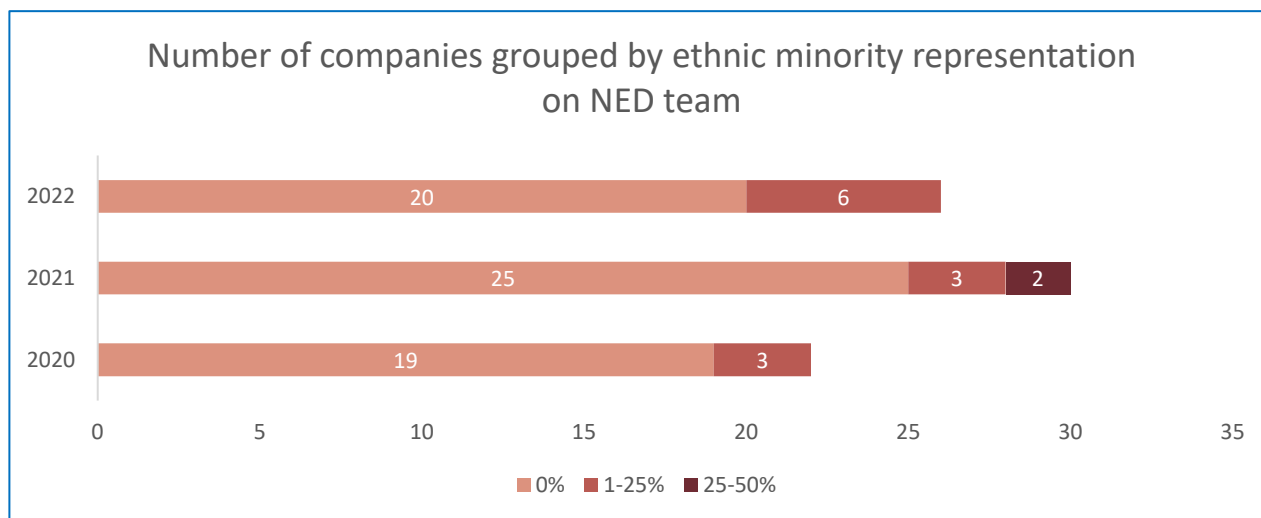
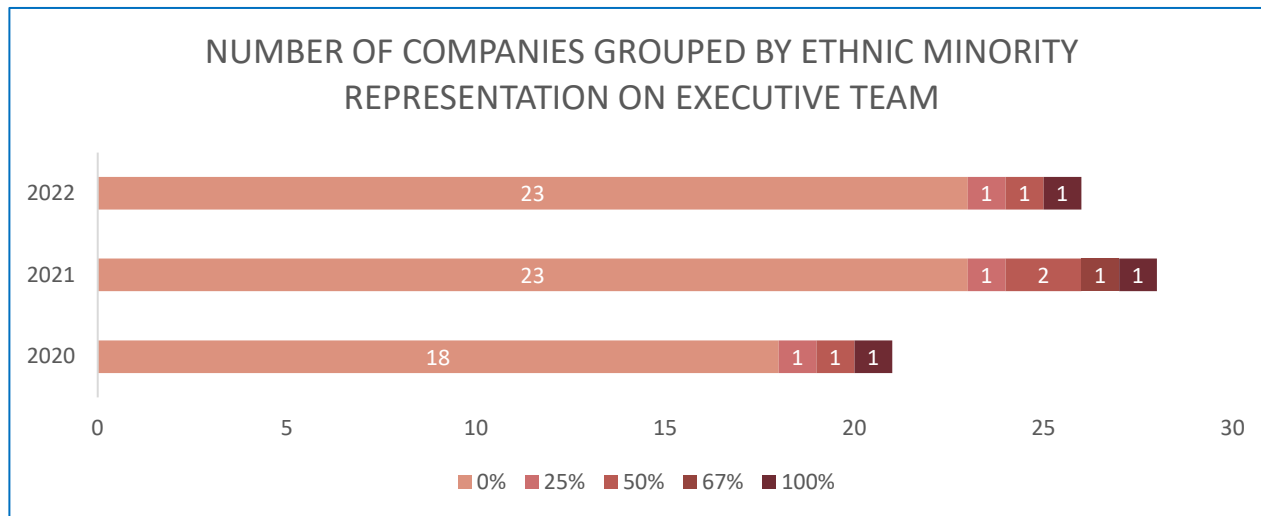
These charts show an increase in women on the AFM boards, particular among executives. The 31% of women on Boards amongst AFM members compares to 40% in the FTSE 350*.

28% of Executive Directors are female, and this is similar to listed companies.

(*Source: Financial Times)



Other diversity factors on Board



There remains low representation of ethnic minorities in the exec, with almost 90% of executive teams having no ethnic minorities.

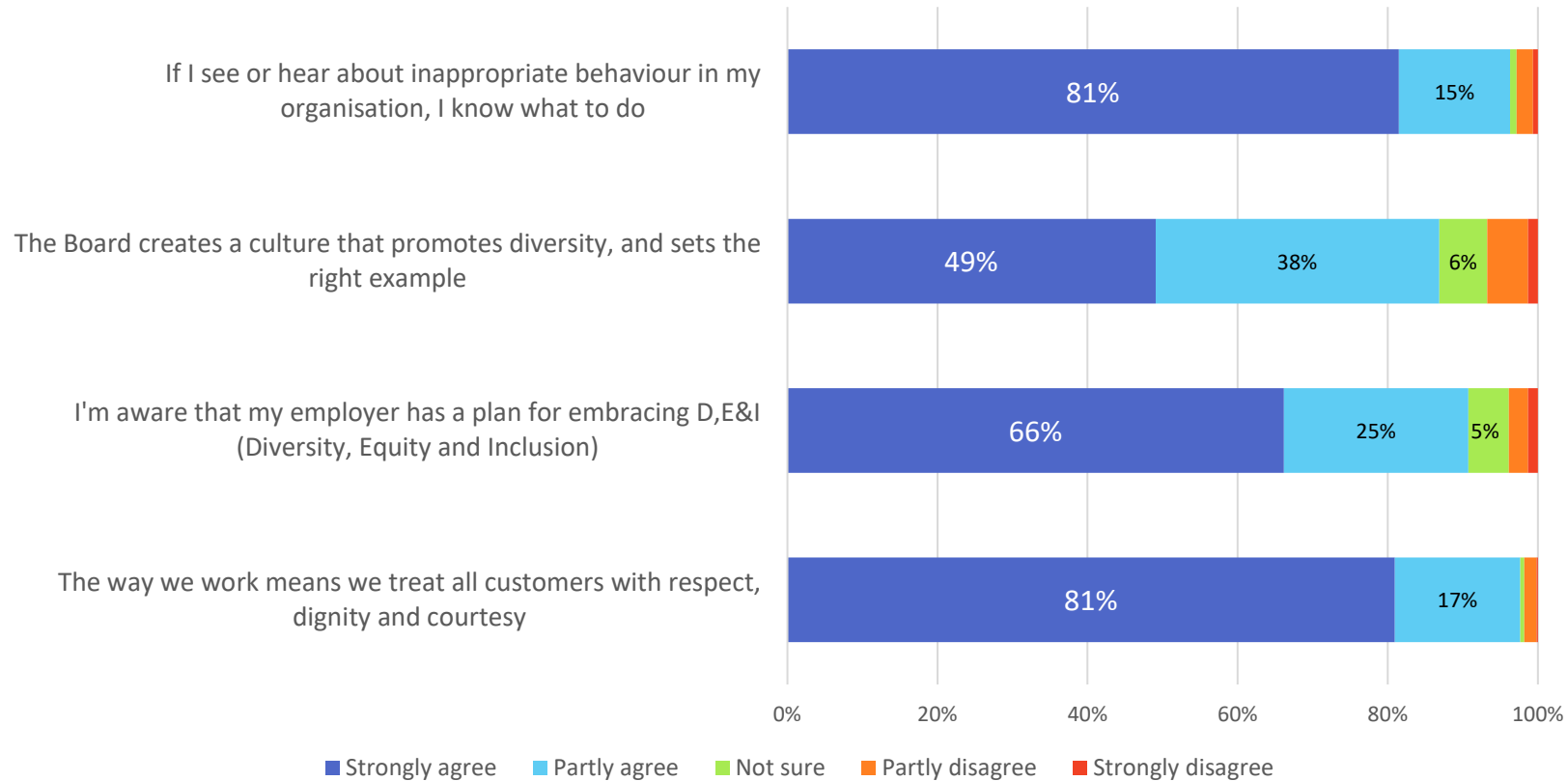
More firms have ethnic minorities NEDs

Just under 5% of all Directors were from an ethnic minority, and 31% of firms responding had at least one Director from an ethnic minority; this compares to 75% of FTSE 350 companies.

We collected data on disabilities, which indicated under 1% of directors had a long-term impairment in 2022, compared to 3% in 2021.



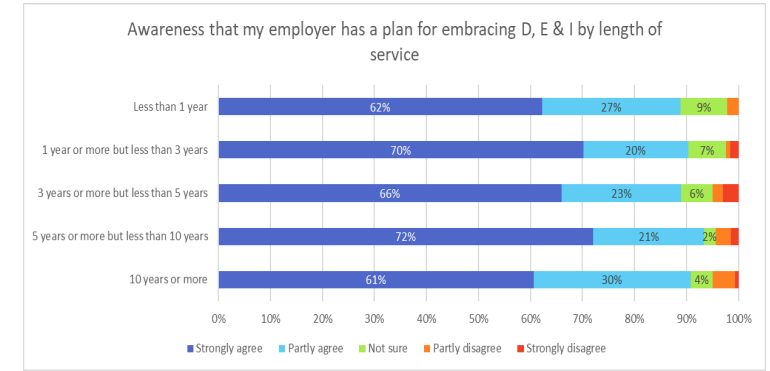
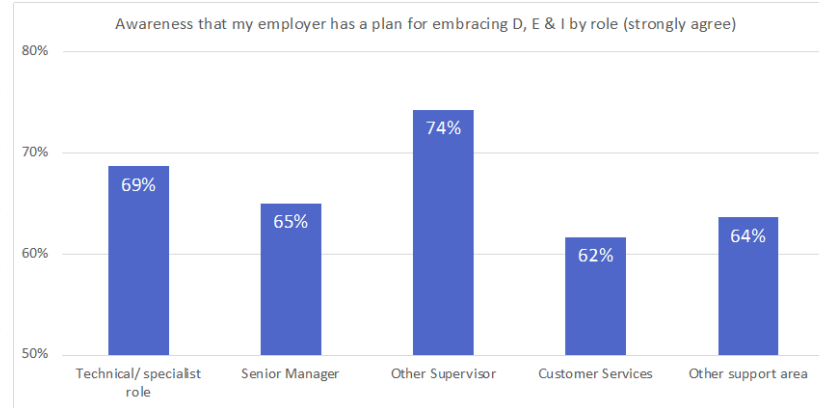
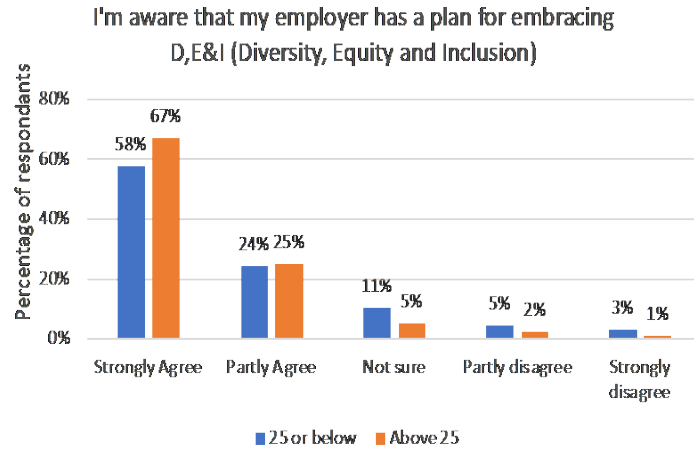
Diversity, equity and inclusion



The results show members have a healthy approach to the adoption of good behaviours.

However, it is less clear leaders instil the right culture or that they communicate diversity plans.



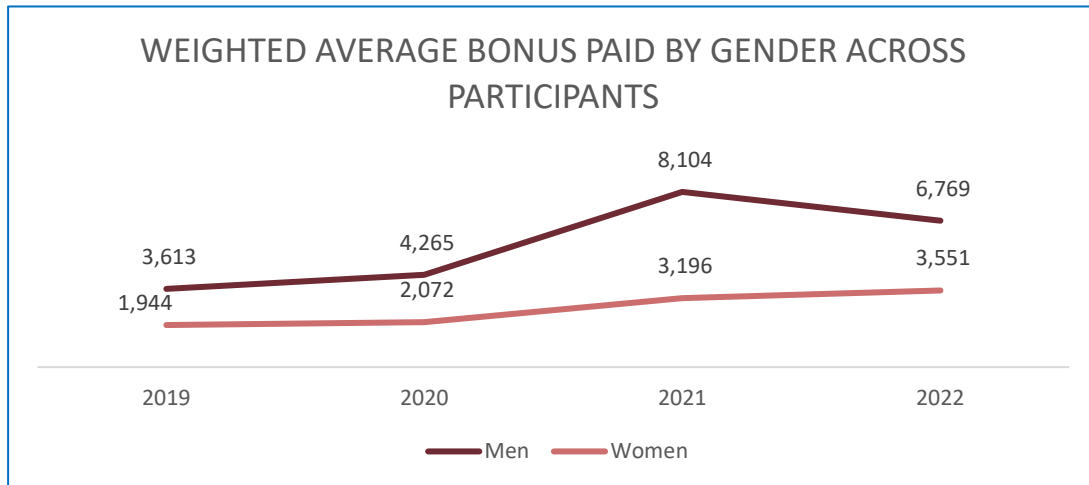
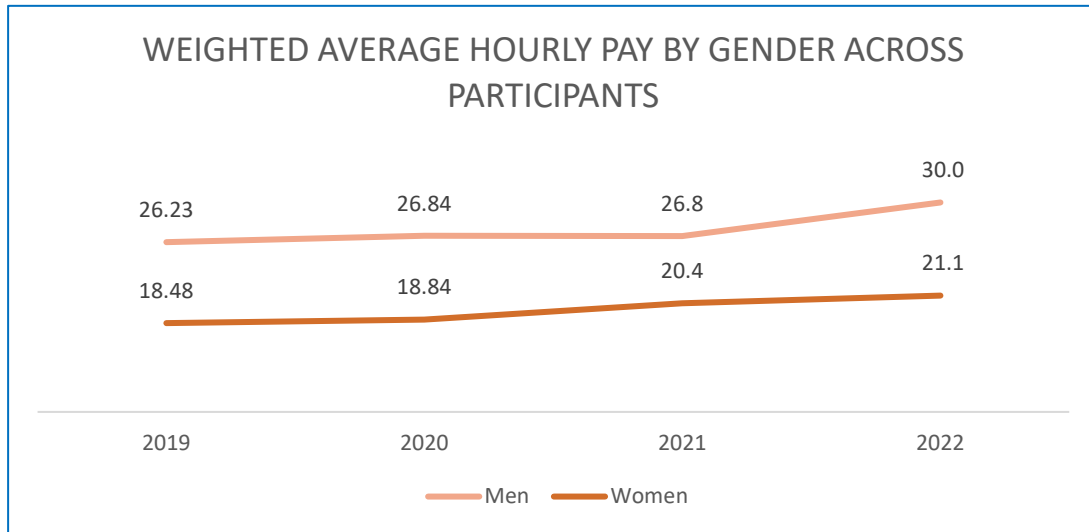


Diversity, equity and inclusion, by age, role and length of service

- The newest and longest serving employees are less likely to be aware of their organisation's D, E & I strategy.
- Younger employees are also less aware.
- The customer services team are least aware.



Gender pay gap reporting



The hourly pay gap between men and women is at its highest in four years. This represents more than £10k a year.

The gap in average bonus paid has fallen from 2021; however, it is still higher than 2019/ 2020.

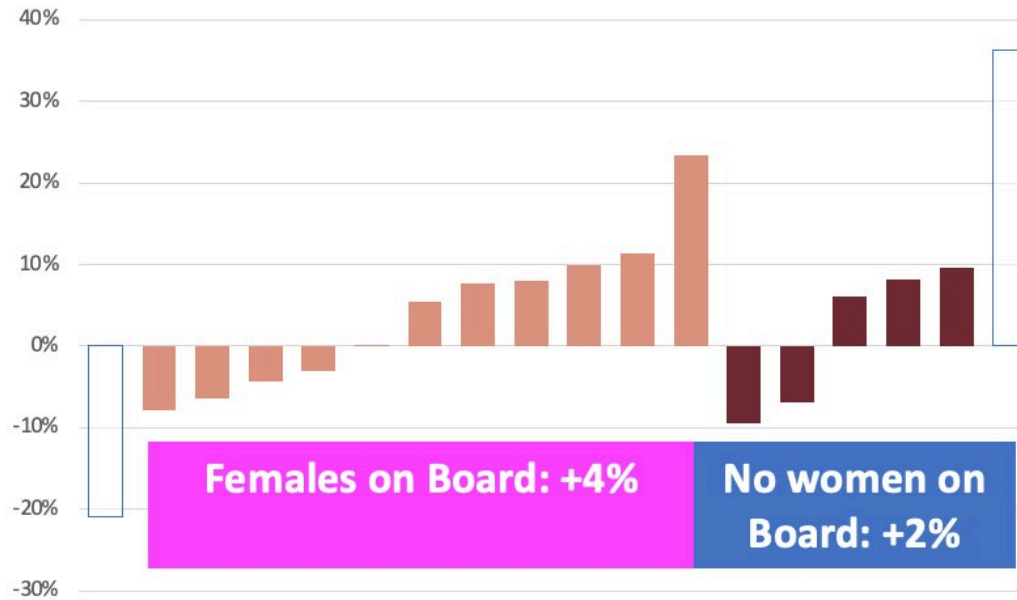
The pay gap may be driven by the greater proportion of men holding more senior positions.

According to PWC, the average pay gap for FS stood at 26.6%, compared to 12.1% more generally. For AFM members the figure for 2022 was 29.7%.



Impact of gender on performance?

Growth in premiums 2020-2022, based on Executive diversity



Leaders communicate vision, culture and objectives	Leaders motivate me to achieve great results	I have every opportunity to grow my capabilities	Board creates culture that promotes diversity	My organisation puts customers first	My organisation is a great place to work



A photograph of a modern, brightly lit escalator. The escalator is the central focus, with its steps and handrails leading upwards. The railings are made of glass and metal, and the overall aesthetic is clean and contemporary. The lighting is soft and even, highlighting the textures of the metal and glass. The word "Conclusions" is overlaid in the center of the image in a white, sans-serif font.

Conclusions

What does this tell us about leading a mutual successfully?

- Staff engagement in strategy, vision and achieving good outcomes
- Clear leadership of messages and a supporting culture
- Good leaders motivate staff and lets people grow in their career
- Staff better articulate mutual messages when trained on the model
- Board turnover achieves diversity but not necessarily good culture
- Board diversity creates a good culture and higher performance
- Superior mutual leadership can never be taken for granted

- *Supporting AFM research work will help you evidence Consumer Duty, and meet new Diversity rules!*

Superior Mutual Leadership:

Any Questions?