



# MYOB SME Success Report

SME wages

September 2022

**myob**



## Foreword

As the Australian economy emerges from the widespread disruption caused by COVID-19, businesses have faced their longest collective period free of restrictions since the pandemic began.

While striving for 'business as usual', it's not all smooth sailing for small and medium sized enterprises (SMEs), the country's largest employer. Many of them are grappling with labour shortages and cost of living pressures, which in turn naturally leads to a conversation about wages.

MYOB anonymised data, representing more than a million SME employees across Australia, has been analysed to ascertain the wage position small businesses face. To complement the data, we surveyed 1,000 small and medium sized business owners and operators, to provide qualitative insights into the current state of play on employee wages.

The research indicates that, in spite of current economic challenges, more than half of SMEs surveyed increased wages in the past year, and **increasing wages is a priority for 84% of respondents**.

However, the data reveals opportunities for improvement. The gender pay gap measures the difference in male and female earnings on average, across their industry and the SME sector. The data shows a **7.5% gender pay gap for SME workers** in favour of men.

Everyone is very familiar with the fact that the gender pay gap is a universal concern. However, MYOB's SME research indicates the pandemic exacerbated many of the social and economic drivers of unequal opportunities and inequitable outcomes for women. These were particularly evident in industries most affected by trading restrictions and lockdowns during the height of the pandemic.

Despite this, COVID-19's legacy also offers cause for optimism. The research indicates **that increased flexible working practices, brought on by the pandemic, benefitted gender equality**. As many of these practices become the norm, employers can embed more equal opportunities for parents and carers, helping improve workforce participation.

There are also opportunities to bring awareness of the gender pay gap to employers, many of whom are not aware of the extent of the issue in their industry.

With practices in place to examine the gap, as well as intentions to raise wages overall, SMEs will be positioned to take action and provide more equitable and beneficial outcomes for all employees.

A handwritten signature in black ink, appearing to read 'Helen'.

Helen Lea  
Chief Employee Experience Officer | MYOB

# The MYOB Success Report: SME wages

There are around 2.4 million SMEs in Australia, employing approximately 7.4 million people<sup>1</sup> and generating more than \$700 billion dollars<sup>2</sup> to the economy each year.

As a trusted partner to Australian SMEs, MYOB has a unique perspective of the operation and performance of small businesses across the breadth of the Australian economy. When aggregated and anonymised, MYOB's rich data provides valuable insights into the current state and trajectory of Australian SMEs and their role in the Australian economy more broadly.

This edition of the MYOB SME Success Report on wages tracks median SME wages over time to provide a direct measure of wages across the sector. Segmenting wage data by gender and industry reveals the gender pay gap for Australian employees, and how wage equity is performing across various industries.

To complement the data, a survey of over 1,000 Australian SME owners and operators provides qualitative analysis of the observed changes and trends in SME performance and behaviour.

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<sup>1</sup> Small Business Counts. December 2020. Australian Small Business and Family Enterprise Ombudsman.

<sup>2</sup> Small Business Access to Finance: The evolving lending market. September 2021. Australian Government Productivity Commission.





# SME wage growth

Australian businesses face a challenging economic environment to drive further wage growth. Off the back of a global pandemic, supply chain disruptions and rapidly rising inflation have put significant pressures on the cost of doing business.

Despite these economic challenges, Australian SMEs continue to strive to deliver wage growth for their employees.

## Survey responses



### An SME priority

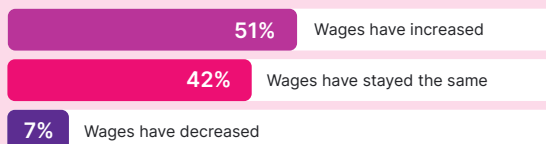
**84%** of SMEs said increasing wages was a priority.



### Impact of COVID-19

**Only 15%** of SMEs said COVID-19 had not affected their wages.

**In the last 12 months, have you changed your wage/your employees' wages?**



### Paying for SME wage rises

- **52%** increased prices
- **21%** reduced profit margins



### New minimum wage

**29%** of SMEs will increase prices to cover the additional cost of the minimum wage increase that came into effect 1 July.

**84% of SMEs surveyed said increasing wages was a priority, with over half of SMEs having already increased wages in the past year and 93% of SMEs having at least maintained wage levels.**

**To pay for wage rises, 52% of SMEs said they had increased their prices, while 29% will increase their prices to cover the recent rise in minimum wage of 5.2%, from \$20.33 to \$21.38 per hour.**



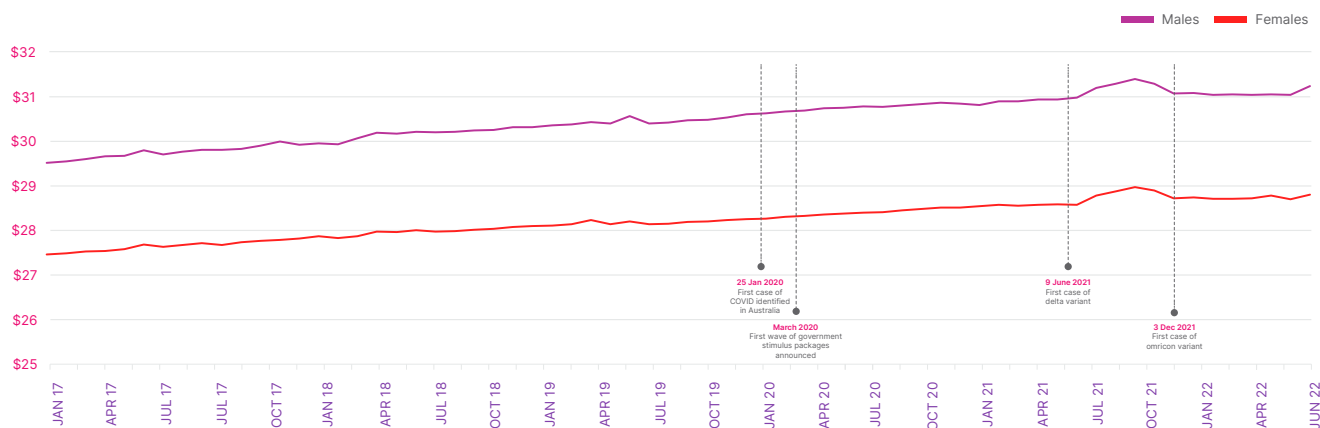
# The gender pay gap

The gender pay gap measures the difference in male and female earnings on average, across organisations, industries and sectors. This difference is driven by a combination of social and economic factors. These include: gender segregation within occupations and industries and their associated difference in pay; bias in hiring and promotion; and the large proportion of unpaid caring responsibilities undertaken by women<sup>3</sup>.

The gender pay gap is an internationally established measure of the earning capacity and economic standing of women in comparison with men. The gender pay gap differs from unequal pay, which refers to the practice of paying two people differently for work of the same or comparable value.

## SMEs and gender equality

### SME median hourly wage (seasonally adjusted)



- Australian SMEs report a gender pay gap of 7.5% in favour of men.
- The pay gap remains persistent, with little change over the past five years.
- The highly correlated movement of wages overall results from the proportion of workers paid under awards.

MYOB's data shows Australian SMEs retain a gender pay gap of around 7.5% in favour of men, as measured by the difference in median wages.

Comparing this finding to the broader economy, survey results measuring the difference in average wages between men and women find a national gender pay gap of 14.1%<sup>4</sup>, and the private sector WGEA gender pay gap of 22.8%<sup>5</sup>.

Even accounting for the different methodologies used, Australian SMEs appear to be providing more equitable wages for their workers compared to the national average.

<sup>3</sup> KPMG, She's Price(d)less: The Economics of the Gender Pay Gap, Prepared with Diversity Council Australia (DCA) and the Workplace Gender Equality Agency (WGEA), Sydney, KPMG, 2022.

<sup>4</sup> National gender pay gap is a population level average calculated using ABS data and measures the percentage difference in average earnings between women and men for full-time public and private sector workers.

<sup>5</sup> The WGEA private sector gender pay gap is calculated using the data of private sector employers with 100 or more staff collected during an annual employer census. It includes the total remuneration – including superannuation, bonuses, and other additional payments – of full time, part-time and casual workers.



## The pay gap persists

Similar to Australian businesses overall, the gender pay gap for Australian SMEs has remained relatively consistent over the last five years.

### Survey responses



#### Knowing is half the battle

- **55%** of SMEs didn't know a gender pay gap existed in their industry.
- **47%** of SMEs reported regularly reviewing their employee payroll to measure any pay gap.

#### What would help to close the pay gap in your industry?

1. Greater awareness of gender equality and pay equity within your business – **30%**
2. Increase paid parental leave for both women and men – **27%**
3. Increase proportion of women in leadership and management roles – **27%**
4. Better flexible working options – **26%**

Some considerations for SMEs and their employees that may help reduce the gender pay gap include increases in parental leave for men, more women in leadership and better flexible working arrangements.

Closing the gender pay gap requires a nationwide effort to address the complex web of social and economic drivers of unequal opportunities and inequitable outcomes for women in the workplace. It also requires businesses to be able to address any differences in remuneration with sustainable wage rises.



# Impact of COVID-19 on women

The research shows women were overwhelmingly more impacted by COVID-19 than men, both positively and negatively.

## Survey responses

Were more men or more women in your business affected by COVID-19, and in what way?

### Negative impacts

Impact	More women	More men	SMEs reported that women they employ were:
Increased caring	26%	5.6%	5x more likely to have increased caring responsibilities
Reduced capacity	15%	6.4%	2.5x more likely to be unable to work at usual capacity
Job security	13%	7.2%	2x more likely to have reduced job security

### Positive impacts

Impact	More women	More men	SMEs reported that women they employ were:
Increased flexibility	11%	5.0%	2x more likely to have benefitted from increased workplace flexibility
Increased wages	11%	6.2%	2x more likely to have increased wages
Increased opportunities	11%	6.3%	2x more likely to have increased job opportunities

From increased caring responsibilities and a reduced capacity to work, to the impact of trading restrictions on job security, MYOB's research shows COVID-19 compounded a number of the social and economic drivers of the gender pay gap.

However, the pandemic has also turbocharged the transition to more flexible working practices, offering hope for a more equitable distribution of caring and domestic responsibilities, and greater opportunity for those previously unable to work at their desired capacity.

**“Closing the gender pay gap goes beyond just ensuring equal pay. It requires cultural change to remove the barriers to the full and equal participation of women in the workforce.”**

- Workplace gender Equality Agency





## Looking after your staff will look after you

**Blayne Bertoncello**  
**Head Chef & Farmer**  
**O.MY Restaurant, Victoria**

With a desire for complete freedom to create what they wanted to put on a plate, combined with a farm-first, minimal waste approach to dining, Blayne Bertoncello and his brothers took the plunge and opened O.MY Restaurant in Victoria in 2013. "It was bloody hard at the start, but it's been a hell of a ride," Blayne declared. "We love the lifestyle. The freedom to create, without restrictions. And we love growing our own food as well. Farming, cooking, creating and teaching – it's amazing how it's come together."

Like most restaurants, O.MY has grappled with many challenges throughout the pandemic, in addition to a fire, which forced them to relocate the restaurant. "We've learnt a lot of lessons along the way," Blayne said. "And it's made us a lot stronger, that's for sure. Going through all of the ups and downs together as a community has helped too. Our staff, our suppliers, and other restaurants, it's a great community."

As the restaurant approaches its tenth anniversary, Blayne reflects gratefully on the contribution from his staff, some of whom have been with the business for eight years. "We have really low staff turnover, which starts with paying your staff correctly and equitably," Blayne explained. "You also have to have a good working culture. We make breakfast, lunch and dinner for our staff, and put a lot of effort into that. We also ensure our team has adequate flexibility, with everyone having two to three days off each week, as well as optional time together at the farm."

Providing flexibility for staff, especially in hospitality, can be challenging. Blayne said it's an important practice to help ensure equity and to retain staff. "We're super flexible with people needing days off. We just make it happen and never question. Being mindful of your staff's individual needs and investing properly in them will look after you long into the future."

O.MY provides regular wage increases to employees, in addition to legislated wage rises. "We've had to adjust our prices to pay for the wage rises," Blayne explained. "The cost of running the restaurant has gone up. It's not just wages, the price of everything we buy has gone up, so we've adjusted prices and try to run the business at the lowest cost possible. If we find a cheaper supplier for some items, then we have to move to them. Just saving the dollars here and there helps."

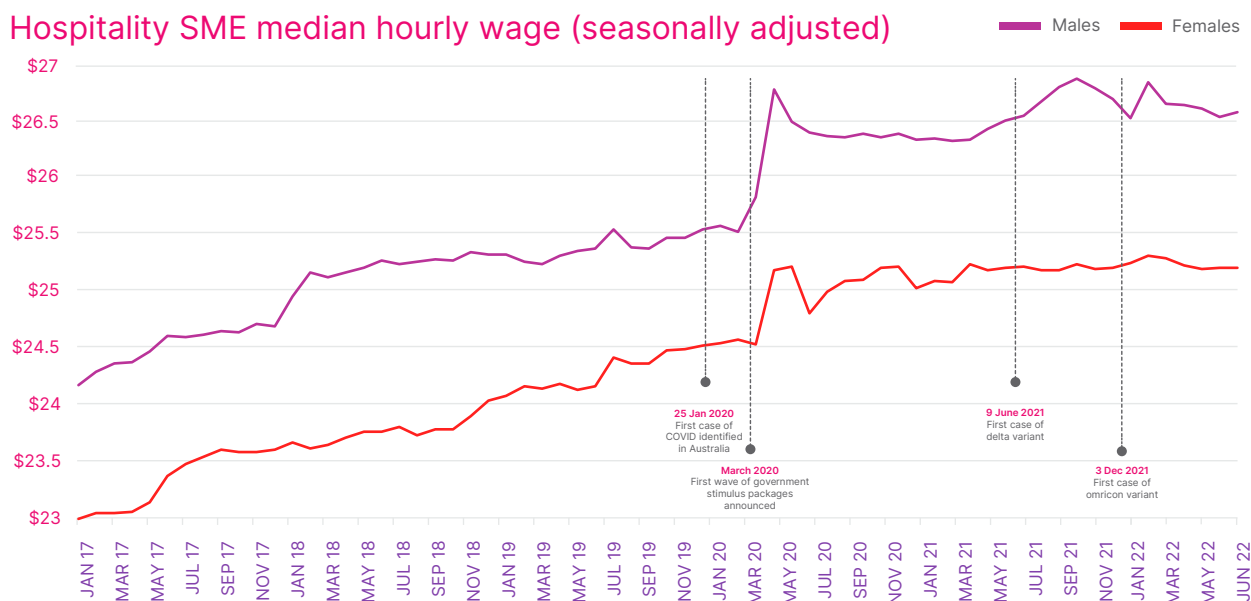
Blayne is optimistic about O.MY's future. "Our confidence is higher than this time last year. There's a lot more strength in the business and our team. We continually try to get better. That's our mindset. We're always pushing forward."

Learn more: [omyrestaurant.com.au](http://omyrestaurant.com.au)

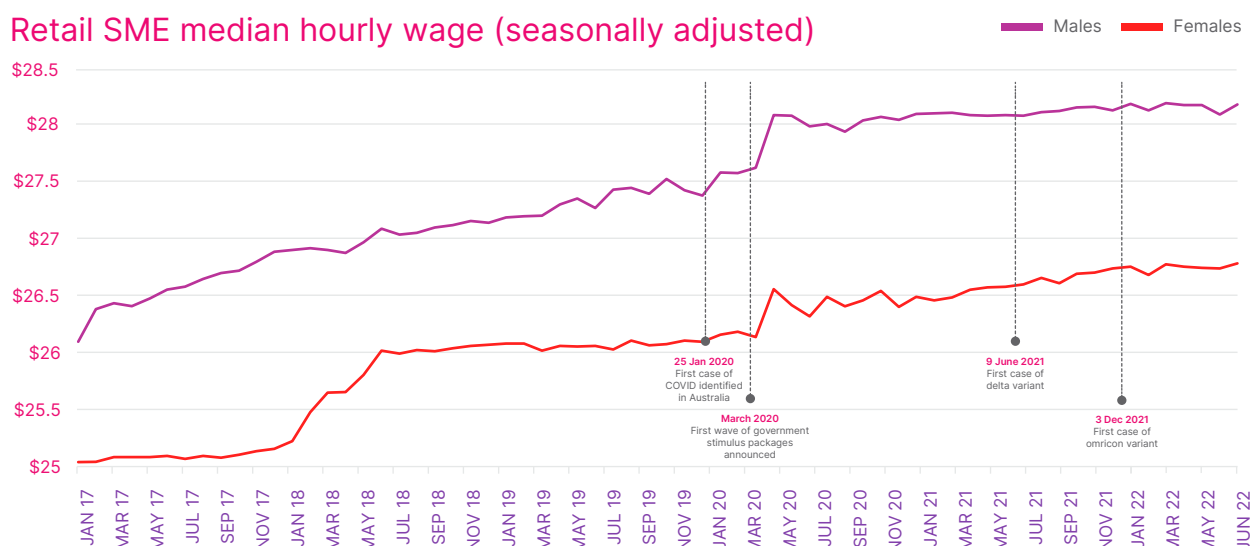


# COVID-19 exacerbates pay gap in hardest hit industries

Hospitality SME median hourly wage (seasonally adjusted)



Retail SME median hourly wage (seasonally adjusted)



The hospitality<sup>7</sup> and retail industries were some of those most impacted by the COVID-19 pandemic<sup>8</sup>. Despite some encouraging signs of the gender wage gap narrowing prior to the onset of the pandemic, it appears to have widened again following COVID-19 related restrictions.

The reasons for this widening of the gap could, in part, be down to gender-segregation within these industries. When businesses were forced to close or quickly transition to COVID-safe practices, many of the roles affected were disproportionately held by women<sup>9</sup>.

For example, women occupy a majority of sales roles in retail (61%) and hospitality (55%)<sup>10</sup>. These roles were often unable to be performed during the pandemic<sup>11</sup>. In contrast, women in retail make up just 19% of technician and trade staff, and 17% of machinery operators and drivers<sup>12</sup>. Similarly, women in hospitality account for just 24% of technician and trade workers and 12% of machinery operators<sup>13</sup>; roles that were in demand during the pandemic.

<sup>7</sup> Hospitality refers to Australian SMEs in the accommodation and food services industry.

<sup>8</sup> The next normal for Australian industries and workforces. August 2020. McKinsey & Company.

<sup>9</sup> One year of COVID-19: Aussie jobs, business and the economy. March 2021. Australian Bureau of Statistics

<sup>10, 11, 12, 13</sup> Source: Workplace Equality Gender Agency. 2021 data.

# Closing the pay gap

## Pay equity tips for SMEs

The first step towards achieving pay equity is a payroll analysis, where business owners compare the wages of employees that are in the same or comparable roles. This will help identify differences and whether they are related to an employee's gender.

Take the time to consider every role in your team. Ensure both men and women are represented across the different types and levels of work you have. Where they are not, use every new vacancy as an opportunity to change the shape of your team.

The Australian Government Workplace Gender Equality Agency (WGEA) recommends both remedial and preventative actions<sup>14</sup> for businesses to achieve pay equity.

### Remedial action: actions to address gender pay inequities



Pay close attention to your employees' pay, especially when making pay adjustments or hiring new team members.



Examine any pay differences, ensure they can be explained and are justified.



If you come across any wages that need to be rectified, make a plan for when and how you can make those changes.

### Preventative action: how to avoid discrimination in recruitment and remuneration



Review pay at least annually, to identify and fix gender pay gaps.



Know the law in relation to wages and working conditions for employees. These may differ depending on individuals' award or agreement.



Have a written policy and guidelines on recruitment, ensuring it's free of discrimination.



Ensure fairness and consistency when determining remuneration.



Follow a consistent and transparent procedure when promoting, transferring or terminating employees.



Ensure performance management decisions are merit based and transparent, and that pay increases are in line with performance rating.



Provide pro-rata remuneration for positions worked less than full-time.

### For more information

The WGEA has developed a series of toolkits to assist businesses to address pay equity. They are available at: [www.wgea.gov.au](http://www.wgea.gov.au)

<sup>14</sup> Pay equity for small business. Three step guide to fairer pay in your organisation.  
[https://www.wgea.gov.au/sites/default/files/documents/small-business-guidance\\_website\\_0.pdf](https://www.wgea.gov.au/sites/default/files/documents/small-business-guidance_website_0.pdf)







## Key takeaways

### Driving wage growth

Australian SMEs recognise that increasing wages is a high priority. However, an environment of rising inflation and operating costs makes funding pay rises a significant challenge for many businesses, particularly SMEs. The continued success of SMEs is essential to delivering fair and sustainable wage rises for the 40% of the nation's workforce they employ.

### A smaller but persistent pay gap

MYOB analysis reveals a gender pay gap of 7.5% in favour of men for Australian SMEs, measured by median hourly wage. Less than half of SMEs surveyed know there is a pay gap in their industry or regularly check to see if they are paying their workers fairly. Greater awareness and understanding of the systemic challenges will help the Australian SME sector to further reduce the gap.

### The pandemic's pay gap legacy

The COVID-19 pandemic has compounded many of the social and economic drivers of the pay gap. This latest research finds employed women were much more likely to have been impacted by increased caring responsibilities and a reduced capacity to work, while the gender-segregation of roles in industries such as hospitality and retail have seen the pay gap widen.

### Optimism for future equality

During the pandemic, women were more likely to benefit from increased workplace flexibility and job security. As flexible hours and working from home arrangements become commonplace, many Australian SMEs have an opportunity to embed equal opportunities into their employee offering. Coupled with more robust practices to measure and reduce pay inequity, Australian SMEs can benefit from an increased talent pool and provide better pathways for women into senior roles – helping to close the pay gap.

# Methodology

MYOB engaged Geografia ([geografia.com.au](https://geografia.com.au)) to create the MYOB SME Indices by compiling key data points from MYOB's ledger, invoices and payroll datasets. Businesses no longer operating and input error outliers were excluded, and seasonal adjustment<sup>15</sup> employed to smooth out predictable cyclical variations.

The MYOB SME Success Report: SME wages tracks the SME median hourly wage, with segmentation by gender and industry.

The MYOB snapshot survey, commissioned by MYOB in conjunction with McCrindle, was conducted between 27 June 2022 and 4 July 2022. Findings are based on a sample of 1,038 Australians who manage and/or are an owner of a small-medium enterprise (businesses with up to 199 employees).

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<sup>15</sup> Time Series Analysis: Seasonal Adjustment Methods, Australian Bureau of Statistics





## About MYOB

MYOB is a leading business platform with a core purpose of helping more businesses in Australia and New Zealand start, survive and succeed.

MYOB delivers end-to-end business, financial and accounting solutions direct to businesses employing between 0 and 1,000 employees, alongside a network of accountants, bookkeepers and consultants.

For more information visit [myob.com](https://myob.com) or follow @MYOB on Twitter.

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