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6.2 Four winning strategies to compete for top talent

Mutual banks are well-positioned to compete for quality talent by offering diverse and meaningful career opportunities. It is a dynamic and exciting time to be working in the sector.

As mutuals continue to play an integral role in the community, they compete with the major banks on different fronts. Mutuals have a unique value proposition, with an Australia-wide footprint and over half of their employees living and working outside metropolitan areas. However, they often lack scale to create specific and specialised roles and cannot compete on remuneration alone.

Here, we look at four ways mutuals can optimise their natural advantage through *purpose, culture, the role of leaders and ways of working*, when compared with their larger competitors.

Strategy 1: Create a purpose-driven Employee Value Proposition (EVP)

The challenge for post-pandemic EVPs is to be deliberate and considered, beyond pay and reward, to cover key areas now expected by employees – such as purpose, culture, flexible working, and career development.

Mutuals' affinity with their local communities and member-driven purpose positions them strongly to build a differentiated and compelling EVP. Environment, social and governance (ESG) considerations can also be linked to further enhance their contribution to the community and their members, and therefore, to their employees.

To do this, mutuals can consider the following questions:

- what are the risks and issues concerning the local community and members?
- how does the organisation play an active part in contributing to, alleviating, or mitigating these issues?
- how do these activities link to their member-driven purpose?

Mutuals can enhance the advantage of their **purpose** by:

- understanding deeply what's important to their employees and stakeholders and integrating these diverse perspectives into their EVP to further strengthen it and promote themselves as attractive employers.
- communicating visible and tangible examples of employee, customer, and community-centred stories to showcase their active participation in the community and how they're bringing their purpose to life.

Strategy 2: Create an inclusive, diverse and equitable culture that reflects their member base

The competition for talent requires bold and courageous approaches based on calculated risks. One way is to reinvent the recruitment model and abandon the traditional safety net of looking for candidates who have done the same job in the same organisation type. A fixed mindset limits access to quality talent that can increase diversity of thought and perspective and drive competitive advantage. For example, instead of searching for a Chief Customer Officer among other financial services organisations, focus on the capabilities required rather than sector experience. Then, target talent with customer-centric thinking from other leading consumer industries to help drive innovation and potential benefits from external sector insights.

Mutuals can also refresh their talent acquisition approach to align with their purpose by partnering more broadly with universities, TAFEs, and their member communities. This will help them increase awareness and create outreach programs to under-represented groups.

Customer-facing frontline teams embody the brand and customer value proposition. In our view, this is an area that warrants over-investment. Redesigning a contemporary people experience that aligns purpose to roles (see p9 P&C report '85% of frontline employees say they DO NOT live purpose in their day-to-day work') creates valuable learning and development opportunities and embeds visible and attainable career path options which attract the highest quality local talent.

As regulation intensifies and stakeholder expectations increase around purpose and doing the right thing for customers and communities, the required capabilities of frontline team members can evolve from following processes and scripts to applying emotional intelligence and sensitive judgement. For example, the identification and treatment of vulnerable customers continues to challenge mutual banks and other institutions¹. This can place further pressure on mutuals to attract high quality talent with advanced soft skills such as empathy and includes making sure there is appropriate diversity in their workforces to mirror the communities they serve.

Mutuals can enhance their **cultural** advantage by:

- widening their access to talent by partnering with universities, TAFEs and member communities.
- integrating purpose into role design to increase employee engagement and member satisfaction.

Strategy 3: Develop leaders who excel at member service and community value creation

In our view, the role of the future leader is one of service and driving value creation for the community in the digital age. Those who excel may be skilled in the ethical delivery of digital services and purpose-led products, to meet increasing stakeholder expectations.

Balancing digital fluency with deep empathy can drive enhanced engagement with members and employees.

Mutuals can enhance their **leadership** advantage by:

- emphasising the service and value creation role of mutual leaders in the community.
- identifying opportunities to role model and lead change on a variety of societal issues, with a focus on those which are important to their members.

Strategy 4: Challenge embedded ways of working

It's fair to say that organisations are still trying to make sense of their ways of working on the 'return to office' debate. And, with over half of their workforce based outside metropolitan areas, mutuals are in a prime position to take the lead in redefining roles to demonstrate their agility, forward thinking and contemporary outlook.

The key is to prioritise the core roles that have the greatest impact on member experience (not necessarily the most senior roles). This approach requires deeper consideration to role design than many leaders may be familiar with. However, the potential benefits are worthwhile to attract the highest quality talent.

Recent calls to reform the regulatory framework to increase competition between mutual banks and the major banks² are likely to result in a more level playing field. Mutual banks can gain the upper hand by recognising and acting on the ability to shift a smaller organisation to more agile ways of working and embedding a sharp focus on strategic priorities.

¹ [Mutual banks told to 'sharpen their focus on vulnerable customers' \(afr.com\)](#).

Note: This does need a cultural shift and is as much about a laser focus on strategic priorities and embedding the right culture as it is about stand-ups and scrums. In our view, this involves cultivating improvement mindsets and a culture of trust and psychological safety.

Process and digital transformation can be a catalyst for simplification, customer experience optimisation and an improved people experience. Seen through this lens, mutual banks should be able to continue to evolve their ways of working while retaining the simplicity and clarity that's so vital for adopting and embedding digital transformation.

Mutuals can enhance their **ways of working** advantage by:

- continuing to redefine roles to attract, develop and retain talent across a broader geographical spread, particularly for skill sets in high demand, such as risk and technology.
- embedding agile ways of working at scale and shifting mindsets and cultures to support sustainable change.

KPMG has identified access to talent as the top issue keeping CEOs up at night³. Mutual banks are well-positioned to acknowledge the unique place they hold as trusted brands in their communities to leverage the strategies outlined above to attract and retain great talent.

² Regulators must stop favouring big banks: mutuals (afr.com).

³ Issues facing Australia's business leaders in 2022 - KPMG Australia (home.kpmg).