

**Exploring the Importance of
Volunteerism in
Irish Credit Unions**

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ABSTRACT

The topic of volunteerism is one which attracts much discussion and interest. Recruiting and retaining competent volunteers is a key concern for all types of organisations, especially credit unions. This study documents the role played by volunteers in credit unions, examining the motivations of the volunteer and considering the types of support required to maintain their involvement. Furthermore, the area of future governance development is considered and the means by which organisations can achieve such improvements.

The objectives of the study are to identify the procedures credit unions carry out to acquire new volunteers on to the board of directors, to identify whether volunteers understand their job to the best of their ability and to identify what training and orientation could be implemented for the benefit of the volunteer in carrying out their responsibilities more efficiently.

The methodologies utilised in this study to gather data involved the use of qualitative semi structured interviews and mini case studies. The interviewees helped combine a mix of legislation, governance and practical experience. The findings outcomes are aligned with much of what is already present in the literature.

The study concluded that acquiring new volunteers is becoming more challenging and new approaches are required. In the continuous mission for good governance and volunteerism improvements, together with board structure development, change is needed in the credit unions' approach of recruiting volunteers. Likewise, the levels of supervision and regulation have increased as a result of many different events and governance based cases. In particular, governance procedures and structures within financial institutions need to be reviewed and improved accordingly, especially with regard to volunteer responsibilities on the board.

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DEDICATION

For my parents,

Paddy and Betty

***'Obstacles are those frightful things you see
when you take your eyes off your goal'***

Henry Ford (1863-1947)

Table of Contents

	Page
Title Page	
Abstract	
Acknowledgements	
Dedication	
Quotation	
Table of Contents	
Glossary of Terms and Abbreviations	
List of Figures, Tables and Appendices	
Chapter 1: Introduction	
1.1 Introduction	1
1.2 Purpose of the study	1
1.3 Justification of the study	1
1.4 Objectives of the study	2
1.5 Method of study	2
1.6 Layout of dissertation	3
1.7 Limitations of the study	4
1.8 Importance of the study	5
Chapter 2: Literature Review	
2.1 Introduction	6
2.2 The evolution of credit unions	6
2.3 Director selection	7
2.4 The relationship between corporate governance and the boards of directors	7
2.5 Effectiveness of boards	8
2.6 Duties of boards	9
2.7 Barriers to the governance structure	10

2.8	The need for nominating committees	11
2.9	Improving the effectiveness of directors	11
2.10	Means of improving governance	12
2.11	Chapter Summary	12

Chapter 3: Literature Review

3.1	Introduction	14
3.2	Volunteerism	14
3.3	The importance of induction and appropriate training	15
3.4	Difficulties surrounding volunteerism	15
3.5	Motivations to volunteer	16
3.6	Organisational support	17
3.7	Board assessment	19
3.8	Board review and evaluation	20
3.9	The future and how boards can change the way they do business	21
3.10	Chapter Summary	21

Chapter 4: Research Methodology

4.1	Introduction	23
4.2	Research	23
4.3	Research design	23
4.4	Research Methodology	24
4.4.1	Qualitative methods	24
4.4.2	Quantitative methods	25
4.4.3	Advantages of qualitative analysis	26
4.4.4	Disadvantages of qualitative analysis	26
4.4.5	Advantages of quantitative research	27
4.4.6	Disadvantages of quantitative research	27
4.5	Research problem	27

4.6	Research objectives	28
4.7	Research question	28
4.8	Justification for research methodology	28
4.9	Interviews	29
4.9.1	Structured interviews	30
4.9.2	Semi-structured interviews	30
4.9.3	Quality issues of interviews	31
4.9.4	The interview	32
4.9.5	Case studies	33
4.9.6	Secondary data	33
4.10	Limitations of the study	34
4.11	Conclusion	35

Chapter 5: Research Findings

5.1	Introduction	36
5.2	Chapter outline	37
5.3	Urban versus rural debate	37
5.3.1	Management structure	37
5.3.2	Asset and member size	37
5.3.3	Board : Manager relationship	38
5.3.4	Attendance at board meetings	38
5.3.5	Procedures to recruit volunteers	38
5.4	Measures to improve governance	39
5.4.1	Acceptance of corporate governance	40
5.4.2	Enhancing governance through governance improvements	40
5.5	Credit union growth potential – A transition phase	41
5.6	Appropriate balance of supervision	42
5.7	New approaches in acquiring new volunteers	43
5.8	Challenges facing board of director volunteers	44
5.9	The role of the volunteer	45

5.10 Conclusion	46
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Chapter 6: Discussion

6.1 Introduction	47
6.2 The acceptance of corporate governance	47
6.3 Importance of an appropriate director selection process	48
6.4 The urban versus rural debate	49
6.5 Improving corporate governance effectiveness	49
6.6 Issues with volunteerism	50
6.7 Training	51
6.8 The need for a nominating committee	51
6.9 Organisational support for volunteers	52
6.10 Board assessment and evaluation	53
6.11 The value of volunteers to the credit union movement	53
6.12 Conclusion	54

Chapter 7: Conclusions and Recommendations

7.1 Introduction	55
7.2 Objectives of the dissertation	55
7.3 Literature review conclusions	55
7.4 Summary of primary research findings	56
7.5 Overall conclusions	58
7.6 Recommendations	58
7.7 Recommendations for future research	59
7.8 Closing comment	60

References	61
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Appendices	68
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Glossary of Terms and Abbreviations

AGM	Annual General Meeting
CUDA	Credit Union Development Association
COSO	Committee of Sponsoring Organisations of the Treadway Commission
ILCU	Irish League of Credit Unions
ODCE	Office of the Director of Corporate Enforcement
WOCCU	World Council of Credit Unions

List of figures and tables

Figure 1	The life cycle of volunteerism
Figure 2	Framework of research process
Table 1	Summary of differences between qualitative and quantitative research
Table 2	Advantages and disadvantages of structured interviews
Table 3	Advantages and disadvantages of semi-structured interviews

Appendices

Appendix (1)	Schedule of interviews and diary of appointments
Appendix (2)	Interview request cover letter
Appendix (3)	Semi – structured interview questionnaire
Appendix (4)	Case study Interview and meeting with manager
Appendix (5)	Case study Interview and meeting with member of the Board

Chapter 1

Introduction

CHAPTER 1

INTRODUCTION

1.1 Introduction

This chapter aims to give the reader an overview of the dissertation. The chapter will commence with the purpose and justification for the study. The author will highlight the objectives of the study and the chosen method for research. To conclude, the author will give a layout for the dissertation and the contribution of the study will be presented.

1.2 Purpose of the study

The primary purpose of this study is to explore how the issue of volunteerism particularly the level of training and orientation provided to individuals on boards of directors is an area which needs to be reviewed. It also aims to discover why the topic of volunteerism is one which attracts much discussion and debate, when it comes to a board of directors. This study also aims to investigate the importance of appropriate induction, training and orientation and the need for organisational support. Furthermore, this study examines why board assessment teamed with frequent evaluation is a crucial process for board of directors and credit unions to uphold for good governance.

1.3 Justification of the study

The author chose to examine these issues, as she believes that there has been a significant increase in corporate governance interest and in the role of volunteers in organisations', particularly the credit union movement. The author feels that the issue of volunteerism has notably been in the credit union movement and has been the foundation stone of the philosophy and overall ethos of the institution. This dissertation seeks to uncover why there is a need for an appropriate volunteer selection process, together with improving the effectiveness of existing directors by continuous training,

assessment and evaluation. This study also aspires to determine the importance of organisational support and recognition given to volunteers, which gives rise to the urban versus rural debate.

1.4 Objectives of the study

The objectives of the study are as follows:

1. To identify the procedures credit unions carry out to acquire new volunteers on to the board of directors.
2. To identify whether volunteers understand their job to the best of their ability.
3. To identify what training and orientation could be implemented for the benefit of the volunteer.
4. To identify what measures may be taken to help improve the volunteers understanding of their responsibilities.
5. To identify how volunteers can carry out their role more efficiently.

1.5 Method of study

This dissertation is divided in to two sections. The first section will analyse existing research concerning the research questions. Information will be gathered from external secondary research such as newspaper and magazine reports, academic books, academic journals and the internet. This information found was extensive. However, the author found it necessary to collect primary research.

The second section of this dissertation will consist of the authors' primary research. The author will investigate her research objectives, utilising in depth interviews and a case study comparison as a tool for gathering information. Interviews were conducted with the Financial Services Ombudsman, Mr. Joe Meade and Former President of the Irish League of Credit Unions (ILCU) and Head of Credit Union Diploma Studies in University College Cork, Dr. Tom McCarthy. Both the Manager and Chairperson of the

Board of Directors in two credit unions, one urban and one rural, were spoken with in the case study comparison which investigated the urban versus rural debate encompassing credit unions. The author designed questions around the research objectives and posed them to the interviewees. During the face to face interviews, the author presented questions and thoughts and asked the interviewees their opinions towards them. The author then examined the attitudes and perceptions of management and the chairperson representative from the board of directors in the case study comparison. The author will then compare this information with the data established in the literature review. Finally, the author will devise a discussion and conclusion for these findings.

1.6 Layout of dissertation

This chapter aims to give an outline of the dissertation. The following two chapters are the literature review. These chapters seek to explore the relevant and existing theories relating to the chosen topic. Chapter two outlines the evolution of credit unions and importance of an appropriate director selection process. The chapter also discusses the relationship between corporate governance and boards of directors. Furthermore, board effectiveness, board duties, together with barriers to the governance structure are reviewed in depth. The author then discusses the emerging requirement for nominating committees and how it should be considered for the overall improvement of director effectiveness together with their involvement on boards. Furthermore, the chapter discovers how credit unions in Ireland are encountering significant challenges due to a dynamic and changing economic, financial, regulatory and social environment and as a result makes the area of governance one which needs continuous improvement.

Chapter Three examines the issue of volunteerism in greater depth and the importance of induction and appropriate training. The chapter also discusses the implementation of governance along with the difficulties surrounding volunteerism. Furthermore, the chapter investigates the motivations behind volunteering. Finally, the chapter

scrutinizes the need for organisational support, recognition, board assessment, review and evaluation.

The authors chosen methodology is outlined in chapter four. This chapter will highlight the research questions, research objectives and determine the research design. An overview of the secondary data will be explained and the author will consider the data collection procedure selected. The research methods will be examined and the various techniques will be discussed.

Chapter five will summarise the primary research findings. The face to face in depth interviews and the case study comparison findings were quite comprehensive and required significant reflection.

Chapter six evaluates and assesses the importance of the primary research findings and links these to the literature review.

The final chapter consists of the authors' conclusions and recommendations formed from the extensive information collected, examined, analysed and interpreted throughout the study.

1.7 Limitations of the study

This study is an exploratory investigation of volunteerism, particularly the level of training and orientation provided to individuals on boards of directors in credit unions. Although the cooperation level of those interviewed was high, some were reluctant to disclose opinions and attitudes fully especially in the case study comparison. The purpose of the study is not to generate definitive conclusions but rather allows for the creation of theories and concepts surrounding the topic area. Furthermore, the issue of volunteerism and levels of governance is an on-going and ever changing learning experience and the research for this study was collected over a limited time period. Due to financial and geographical constraints, an accurate documentation of volunteerism

together with difficulties surrounding the process could not be fully deduced. The author feels that longitudinal research is required to explore this topic comprehensively.

1.8 Importance of the study

There is a lack of current academic literature on this specific topic. As a result extensive research is required and expected for the future. The author hopes to contribute to the area of volunteerism and the issues surrounding it by generating knowledge for future readers to reflect on and assisting organisations in the achievement of their objectives.

Chapter 2

Literature Review

CHAPTER 2

LITERATURE REVIEW

2.1 Introduction

This dissertation explores how the issue of volunteerism particularly the level of training and orientation provided to individuals on boards of directors is an area which needs to be reviewed. The topic of director fitness and probity and corporate governance across credit unions has become an area of interest in recent times, due to many cases regarding governance issues. In this introductory chapter, the evolution of credit unions and the selection of directors is outlined. This is followed by the evident relationship between corporate governance and boards of directors. To ensure that boards continue to contribute successfully to the governance process, it is essential that they are made up of directors who possess the necessary skills. The effectiveness of boards, the duties of the board and restrictions to the governance structure is discussed at length, along with the emerging need for nominating committees for the overall improvement of the effectiveness of directors acting on boards. Hence, credit unions are now faced with significant challenges due to an ever changing economy. The area of governance is one which needs continuous improvement.

2.2 The evolution of credit unions

McKillop *et al.* (2006) note almost every local community in Ireland is served by a credit union. According to McCarthy *et al.* (1999) credit unions have become so much an intrinsic part of daily Irish living that it is difficult to imagine what Ireland would be like without them. McKillop *et al.* (2006) have documented that credit unions in Ireland are encountering significant challenges due to a dynamic and changing economic, financial, regulatory and social environment.

McKillop *et al.* (2006) state that there are five characteristics which differentiate credit unions from other financial institutions. They believe that credit unions have a public

purpose because an aspect of their underlying rationale is that they provide basic financial services to individuals of humble means while restricting membership to those sharing a common bond. McKillop *et al* (2006) point out that credit unions have a governance structure which supports 'one member, one vote and do not operate for profit, therefore a non-profit organisation. Finally, a very important differentiating factor discussed by McKillop *et al* (2006) is the utilisation of unpaid volunteers as directors.

2.3 Director selection

As a result of recent corporate malaise, the question of how to improve the effectiveness of corporate governance, especially the effectiveness of the boards of directors has drawn a lot of attention, according to Shen (2005). Shen (2005) discusses how selecting a proper mix of directors is one of the critical factors determining how effective a business is governed. Furthermore, the nominating committee is predominantly associated with the selection process McKillop *et al.* (2007) believe. Leighton and Thain (1997) support this statement, stating that a strong board will result, if the director selection process is handled well. McKillop *et al.* (2007) have argued that the composition of the board of directors of a credit union is critical in providing a foundation for the successful operation of a credit union and in protecting the interests of the movement as a whole. McKillop (2006) consider that, no two boards are or should be the same, board composition will vary according to the governance and performance requirements of the organisation.

2.4 The relationship between corporate governance and the boards of directors

McKillop *et al.* (2006) define a board of directors as a group of individuals chosen by the stockholders of a company (or in the case of a not-for-profit corporation or cooperative, by its members) to promote their interests. They also noted that a board of directors has common-law based fiduciary responsibilities. There is a tendency in many quarters to treat the board of directors as if it were synonymous with corporate

governance. (McKillop *et al.* 2006). Cadbury (1992) refers to corporate governance as the system by which businesses are directed and controlled. The board of directors plays a key role in the structure and the process of corporate governance according to Leighton and Thain (1997). The Irish Credit Union Act (1997) Section 53 sets out that the board of directors has general control, direction and management of the affairs, funds and records of the credit union. The calibre of the board of directors is increasingly regarded as a determinant of organisational performance (O'Higgins, 2002). Likewise, the main principle of the Board, as set out in the Code of Best Practice in the Combined Code of 2006, states that every organisation should be headed by an effective board, which is collectively responsible for the success of the company. (Financial Reporting Council, 2006). The Economist Intelligence Unit (2002) state the prime responsibility for good governance must lie within the company rather than outside it.

Over the last decade, a number of reports have been commissioned into the subject of corporate governance and the clarity of different responsibilities enforced on boards of directors. As a result, a number of codes of best practice have emerged. The Financial Reporting Council (2006) believes the main purpose of these codes of best practice is to increase transparency and accountability in the manner in which companies are governed. According to the Office of the Director of Corporate Enforcement (ODCE), the board of directors is responsible for the governance of the company. (Office of the Director of Corporate Enforcement, 2007).

2.5 Effectiveness of boards

There are various elements that contribute to effectiveness of boards, ranging from board structure to the importance of non-executive directors, according to the Office of the Director for Corporate Enforcement (2007). Shen (2005) proposes that actual board effectiveness depends on the behavioral dynamics of the board, rather than on the structure or composition of the board. Non-executive directors are therefore required to both support executives in their leadership of the business together with monitoring and controlling their conduct.

The Committee of Sponsoring Organizations of the Treadway Commission (COSO) state that effective board members are objective, capable and inquisitive. Furthermore, COSO point out they also have knowledge of the entities activities and environment, and commit the time necessary to complete their board responsibilities. Designing and implementing corporate governance structures are important, but instilling the right culture is essential. Shen (2005) understand that not all board members need to be finance or risk experts, however both the risk appetite of a particular company at any particular stage in its evolution and the processes that are in place to monitor risk are vital.

The Committee of Sponsoring Organizations of the Treadway Commission (COSO) believe that a strong, active board, particularly when coupled with effective upward communication channels and capable financial, legal and internal audit functions, is often best able to identify and correct any governance issues which may arise. Good governance depends on the right combination of board structure, board processes and board behaviours. (Organisation for Economic Co-operation and Development, 2004).

The Organisation for Economic Co-operation and Development (2004) has set out different board responsibilities that ensure the basis for an effective corporate governance framework. These state that board members should act on a fully informed basis, in good faith, with due diligence and care, and in the best interest of the company and the shareholders. Moreover, the board should apply high ethical standards, whilst more importantly taking into account the interests of all stakeholders.

2.6 Duties of the board

Adams and Ferreira (2007) discuss how the board should fulfill certain key functions, including: examining and guiding corporate strategy, major plans of action, risk policy, annual budgets and business plans, setting performance objectives, monitoring, implementation and corporate performance, and overseeing major capital expenditures, acquisitions and divestitures. Secondly, Adams and Ferreira (2007) state that the board

should monitor the effectiveness of the company's governance practices and make changes as needed. In addition, selecting, compensating, monitoring and, when necessary, replacing key executives is essential according to Adams and Ferreira (2007).

McKillop *et al* (2007) describe how boards should ensure a formal and transparent board nomination and election process along with correct monitoring and management of potential conflicts of interest of management, board members and shareholders. Adams and Ferreira (2007) support this and discuss how it is essential that boards also ensure the integrity of the corporation's accounting and financial reporting systems. This includes the independent audit, compliance with legislation and relevant standards, not forgetting the overseeing of disclosure and communicational processes.

2.7 Barriers to the governance structure

Common to all academic literature, the definitions of the role of the board of directors are the functions of monitoring, advising and leadership. (McKillop *et al.* (2006). As credit union directors must be drawn from the membership, several factors therefore restrict the governance structure, according to McKillop *et al.* (2006). The authors discuss how the nominal involvement of members and the limitation to non credit union employees for director candidates reduce the pool of expertise from which potential directors may be drawn, which, in turn significantly impacts upon corporate governance within the credit union. Branch and Baker (2000), cited by McKillop *et al.* (2006) note that many boards in credit unions may fail to meet the standard of having the financial and business expertise required to direct a financial institution. This is primarily because the board members have considerable experience of community involvement and are more responsive to local community social issues. The World Council of Credit Unions (WOCCU) (2002), has set out minimum requirements that the majority of the directors of the credit union board are expected to satisfy. These are recognised by WOCCU as best practice principles.

2.8 The need for nominating committees

Credit unions in Ireland that are affiliated to the Irish League of Credit Unions (ILCU) are required under their rules to have a nominating committee in place. (Irish League of Credit Unions Standard Rules for Credit Unions Rule 73). Vafeas (1999), cited by McKillop *et al.* (2006) finds how better boards who form nominating committees are improving their overall board quality. The board of directors is an important component of corporate governance and Leighton and Thain (1997) outline how the nominating committee, in the long term, determine the role, composition and power of the board. They conclude that the nominating committee members should be some of the most senior, experienced and competent independent members of the board.

2.9 Improving the effectiveness of directors

Coulson-Thomas (1992) state the first step in improving the effectiveness of individual directors, and of the board as a whole, is to start asking the right questions. According to Coulson-Thomas (1992), the central questions every chairman and manager should address centre around whether the board has recently carried out a review of its own function, composition and operations. Coulson-Thomas (1992) declare that consideration must be given to two very different, but important points. Firstly, much thought surrounds the area if the directors are committed to a shared vision or not. Secondly, the frequency of assessing the directors' individual contributions must be reflected on. Finally, Coulson-Thomas (1992) understand that the existence of a formal programme for developing individuals for boardroom appointments and how open directors are to new learning opportunities is crucial to improving the overall effectiveness of directors. By implementing an enthusiastic and successful board, together with, carrying out continuous director evaluation, a board is aided in preventing governance failure and consequential organisational failure in doing so. (Long, 2006).

McKillop *et al.* (2006) maintain that the majority of credit unions do not seek directors with specific skills. Given this, McKillop *et al.* (2006) suggest that it is one of the

primary reasons which may partly influence and perhaps cause difficulties in attracting members to serve on the board of directors. Hence, it follows that the induction, training and orientation of new directors takes on an enhanced importance. According to Long (2006), corporate governance codes and shareholder expectations have increased the need for boards of directors to demonstrate effective leadership, quality decision-making processes and the ability to exercise corporate control. The Combined Code (2003) state a board should annually undertake a formal and rigorous evaluation of its own performance, including both committees and individual directors.

2.10 Means of improving governance

Daigneault (2005) outlines several ways to improve practical governance within credit unions. Firstly, interaction is vital with managers, staff and members, along with ensuring the board learns how the credit union operates through formal and informal meetings with these groups. Secondly, asking questions is important as failure to do so can cause problems to occur or continue. Daigneault (2005) suggests that a board or governance assessment be conducted to evaluate overall leadership and to transform the nominating committee into a governance and nominating committee. He believes that the empowerment of the board secretary to improve governance must be encouraged alongside establishing an ethics program and code of ethics.

2.11 Chapter Summary

This chapter outlines the evolution of credit unions and the importance of appropriate director selection. The relationship between corporate governance and boards of directors was discussed. To ensure that boards continue to contribute successfully to the governance process, it is essential that they are made up of directors who possess the necessary skills. Board effectiveness, board duties, together with barriers to the governance structure are discussed at length. The emerging requirement for nominating committees was considered for the overall improvement of director effectiveness and their involvement on boards.

Chapter Three examines the issue of volunteerism in greater depth and the importance of induction and appropriate training. The implementation of governance issues is difficult and the difficulties surrounding volunteerism along with the motivations to volunteer are discussed. Organisational support, board assessment, review and evaluation are critically important and are considered in detail.

Chapter 3

Literature Review

CHAPTER 3

LITERATURE REVIEW

3.1 Introduction

This chapter looks in detail at the topic of volunteerism because it is one which attracts much discussion and debate, when it comes to a board of directors. Byrne *et al.* (2004) state the issue of volunteerism is one that frequently arises and is often referred to in credit union related reports. Volunteers play an important part in the credit union movement. The importance of appropriate induction, training and orientation is emphasised and the need for organisational support has never been so significant. The motivations to volunteer are discussed later in the chapter and how volunteering helps people to learn new skills and to become more employable. Board assessment teamed with frequent evaluation is a crucial process because good governance is ultimately about people at the end of the day and is an essential element in how boards conduct business in the future.

3.2 Volunteerism

Byrne *et al.* (2004) assert that volunteerism is the foundation stone of the philosophy and ethos of the credit unions. Volunteers play a major role in credit unions. They are the stewards of the credit union, democratically elected by the members, to run the credit union on their behalf (Ward, 2000). Flynn (1994) refers to how volunteerism helps both the community and company.

Byrne *et al.* (2004) in the Centre for Co-operative Studies, University College Cork outline a number of ways the organisation can support the volunteer such as, induction, ongoing training and education, appropriate communication channels, encouragement, respect and recognition from the organisation.

If there is ever a lesson to be learned from the Enron scandal and other business failures of the past few years, it is that governance matters. (Sidall, 2000). Ellis (2003) supports this statement by stating that a little board governance goes a long way toward successful volunteer involvement also.

3.3 The importance of induction and appropriate training

Siddall (2000) notes that induction is a vital element of volunteer management best practice. The National Committee on Volunteering (2002) state that training is critical to ensuring an effective relationship between volunteers and staff, as well as contributing to the public image and achievements of the organisation.

Literature on volunteerism states that approximately one third of the Irish population engage in voluntary activity in Ireland (McKillop *et al* (2007). Byrne *et al* (2004) note that the professionalisation of voluntary organisations can cause problems and may sometimes lead to volunteers feeling marginalised. It is essential for voluntary organisations to provide support and continuous recognition to their volunteers. Unsupported and unrecognised volunteers often leave the organisation if this is not implemented (Sidall, 2000).

3.4 Difficulties surrounding volunteerism

Dickinson *et al* (1998) noted how it is becoming increasingly difficult to find volunteers, mainly because people don't want to make the time commitment and many people are already committed to other causes. Therefore, vigilance is necessary in finding qualified volunteers. Honesty is crucial for all potential volunteers to possess as a trait, especially with all of the regulatory compliance issues and responsibilities they face, according to Dickson *et al* (1998).

Byrne *et al* (2004) demonstrate the better educated and trained your organisation's board members are in the governance area, the more likely they are to perform at a high level

and cope with directorship challenges which they may possibly face. Eadie (2007) suggest that new board members should have an appropriate knowledge teamed with skills which are kept up-to-date, in order to enable them to participate effectively in ongoing board business.

Eadie (2007) refers to how the great majority of board members are keen lifelong learners who are committed to doing their job. However many of them are hesitant in developing their knowledge and skills once they have gone through basic orientation and training.

Ward (2000) summarises the input of volunteerism well as follows:

‘Behind the phenomenal growth of the Irish credit union movement is the unquantifiable energy and effort of thousands of volunteers at director, committee and work level, who selflessly give of their time and skill. This is the credit union and co-operative spirit at work. This voluntarism alone would be sufficient to demonstrate that the spirit of credit union is alive and healthy.’

(Ward 2000, p.4)

The issue of volunteerism is one that frequently arises and is often referred to in credit union reports. (Byrne *et al*, 2004). The Report of the Review Commission (2002) identified issues concerning a tension between volunteers and employees as well as a general crisis emerging in volunteerism.

3.5 Motivations to volunteer

Beresford and Croft (1993) state that in order to participate voluntarily in organisations, infinite patience, a commitment to interminable meetings and a high threshold for boredom sometimes seem the essential qualifications. However true this may be, Byrne *et al* (2004) maintain there are definite reasons why people choose to volunteer. Bussell and Forbes (2002) outline motivational categories that have emerged from the literature. These are altruism or a desire to help others, egoism whereby people volunteer to satisfy their personal goals or psychological needs. Bussell and Forbes (2002) state how

selective incentives can be motivational factors also, such as a sense of belonging, a need for affiliation or simply as a way of making friends. The improvement of human capital is another category of motivation which is clear. They further state that volunteering helps people to learn new skills and to become more employable.

Closely linked to volunteer motivation is the relationship between volunteers and staff in voluntary organisations (Byrne *et al.* 2004). Most voluntary organisations employ paid staff who work alongside volunteers in meeting the objectives of the organisation. Byrne *et al.* (2004) explain how in the case of the credit union, a board of directors, a supervisory committee and different sub-committees of the board give of their services on a voluntary basis and work closely with a salaried manager and office staff.

Pearce (1993) indicates that tensions may arise due to the fact that employees have high levels of expertise but are seen to be less dedicated to the organisation than the volunteers because they draw a salary for their work. Paton and Cornforth (1992) support this point and believe there is a necessity for role clarity in voluntary organisations.

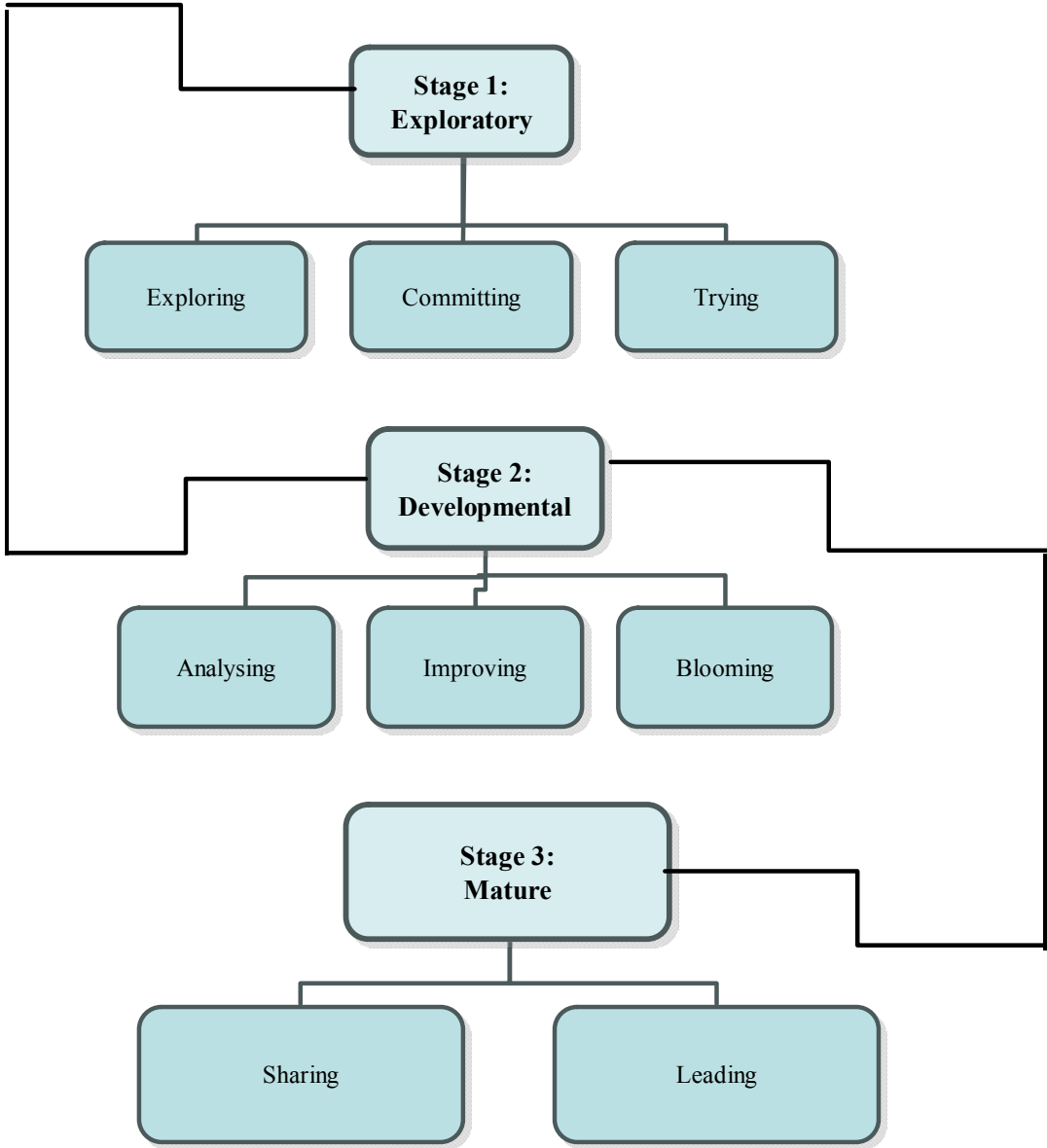
3.6 Organisational support

Siddall (2000) highlights the importance of providing support and recognition to volunteers. She emphasises that unsupported volunteers don't often stay. The National Committee for Volunteering (2002) found that volunteer needs include a requirement for more personnel, guidance in dealing with issues, greater recognition for the effort put in, together with a requirement for more training skills for the work they carry out.

Willis (1991) discusses a number of ways the organisation can support the volunteer such as induction, ongoing training/education, appropriate communication channels, an appropriate workload for the volunteer, written policies, encouragement, respect and recognition from the organisation. Siddall (2000) indicates how induction is an important element of volunteer management best practice. Willis (1991) notes how at from the beginning, the volunteer will feel more uncertain and will need greater

reassurance and a clear path of induction. Hence, a structured approach for volunteer induction is required. Willis (1991) explores volunteer support and is illustrated Figure 1.

Figure 1 – The life cycle of volunteerism



Source: Beugen 1985 cited in Willis, 1991

Stage 1 is probing for the volunteer, where they are trying to find their feet in the organisation. Willis (1991) indicates the importance of the organisation here to give reassurance and to communicate directly with the volunteer because they are more likely to be having second thoughts at this stage and may be more inclined to leave.

Stage 2 is the developmental stage for the volunteer. At this stage, the volunteer will have decided to stay and will know more people within the organisation and will be ready to take on more responsibility. Willis (1991) suggests that the volunteer be left to get on with their work and in turn this could be seen as a sign of trust and respect. Siddall (2000) outlines extra support which may be useful during this stage, including on-going training and giving volunteers a greater voice within the organisation.

Stage 3 is the mature stage where the volunteer is making a maximum contribution and is more likely to be happy in carrying out different roles and holding different responsibilities. Willis (1991) states how volunteers will be more willing to share their skills and knowledge with other volunteers and tend towards a leadership role in the organisation.

3.7 Board assessment

Leblane (2007) highlights how board assessment as a governance tool has grown increasingly popular. Boards have initiated change by looking for better and tougher ways of measuring board effectiveness and are beginning to consider what is meant by their own effectiveness. Leblane (2007) develops a measure for board effectiveness, which was aimed at the three key attributes of board effectiveness; chair effectiveness, competency of directors and chemistry.

O'Higgins (2002) believes that in order to fulfill their responsibilities and enhance overall board effectiveness, board members should have access to accurate, relevant and timely information. Directors need certain traits to appropriately fulfill their role on boards. Various characteristics have also been suggested by O'Higgins (2002). These

include strategic awareness, objectivity, long-term vision, a track record in business and leadership. Udeni (1999), cited by O'Higgins (2002) propose that the independence of non-executives is multi-dimensional, therefore, it cannot exist when there are apparent conflicts of interest occurring. When non-executive directors are former executives or provide services to the organisation or have any kind of relationship with the company, this comprises their objectivity. Independence of character is equal or even more important according to O'Higgins (2002). This means that the non-executive must be a person of moral integrity and must have the courage to stand up for what they believe is right.

3.8 Board Review and Evaluation

Coulson-Thomas (1992) stress board review and evaluation is certainly important. There is a growing demand for board members to be subject to some kind of review procedure, although the difficulties in appraising individual directors are acknowledged. (Belcourt and Kluge, 1999; Cadbury, 1999; Conger, Finegold and Lawler, 1998; Institute of Directors, 1998, cited by O'Higgins, 2002).

Sidall (2000) notes good corporate governance is ultimately about people. The key to building better boards is a commitment from the top down to the dynamic development of the board in the best interests of the company. (Department for Business Enterprise and Regulatory Reform, 2007). Coulson-Thomas (1992) furthered this expression by stating that the performance of a company generally reflects the quality of its directors and the effectiveness of its board. The effective board is composed of a team of experienced directors who share and communicate a common vision.

Sidall (2000) highlights that boards face many challenges in continuing to contribute effectively to the governance process. McKillop *et al* (2007) clearly point out that it is vital that boards are made up of directors who possess the requisite skills. Director fitness and probity with regard to their overall level of skill and expertise is emerging in all sectors. Importantly, the minimum competency requirements that follow ensure that

standards within boards are continually improved and built upon, so as to achieve the desirable elements for an effective board.

3.9 The future and how boards can change the way they do business

Snyder (2003) stresses how boards must embrace change and alter the way they do business. The introduction of the Sarbanes-Oxley Act of 2002 (SOA) set new standards for boards to adhere to. Snyder (2003) states how the consciousness of corporate and non-profit boards is raised by aiming to make them more independent and knowledgeable and allowing a greater responsibility for the monitoring of management actions. In this way, boards are less passive and more active. Dickinson *et al.* (1998) support this and believe that the way boards operate will be revolutionized, particularly in the areas of financial disclosure, excessive compensation, loans to officers and directors, and conflicts of interest.

Snyder (2003) emphasises the issue of how top-tier board members in non profit organisations like credit unions are leaving and their positions are not been filled by people with similar skills. Dickinson *et al* (1998) understand that this void predicts mediocre decision making and perhaps increases the risk of legal publicity.

The academic literature is consistent in its description of a meaningful structure of governance and purpose for the directorial selection process according to McKillop *et al.* (2006). They also state how the board selection process in many credit union movements has changed little over the years. Furthermore they argue that changes in management theory or developments in corporate governance have not been accommodated or responded to by many credit unions.

3.10 Chapter Summary

This chapter looked in detail on the topic of volunteerism. Volunteers play a vital role in credit unions. The importance of appropriate induction and training is emphasised

together with a need for organisational support has never been so significant. The difficulties surrounding volunteerism were discussed along with the motivations for volunteering and how such actions help people to learn new skills and become more employable. Board assessment teamed with frequent evaluation is a crucial process because good governance is ultimately about people at the end of the day.

As credit unions now make a transition in to the mainstream of the financial services sector, the process of appropriate director selection is seen as increasingly important in sustaining compliance with corporate governance. Therefore, the topic of volunteerism attracts much discussion as it plays a major role in credit unions. The increase in legislation surrounding the way in which boards conduct their business, especially in director selection and the experience of such individuals on such boards was examined in this chapter and will ultimately bring about change for the future.

McKillop *et al.* (2006) maintain the Irish credit union movement is a definite success story by stating how credit unions have improved the lives of millions of members and this success is due to the inspiration of community and working for the community.

In today's unstable global environment, the need for cooperative organisations has never been greater. Many critics have argued how credit unions are not perfect due to many circumstances, such as legal and economic, and will inevitably suffer further setbacks. Although credit unions are shaped by their environment they remain a cooperative member-driven financial organisation. Membership participation is critical in ensuring maturity for the Irish credit union movement. Credit unions face many challenges in the governance process. Hence, continual organisation support and relevant training is key to sustaining a proper level of compliance across credit unions. Furthermore, it is essential to uphold such levels for the issue of volunteerism and the vital part it plays on boards of directors at present.

Chapter 4

Research Methodology

CHAPTER 4

RESEARCH METHODOLOGY

4.1 Introduction

This chapter outlines the research design and technique used to achieve the objects of the dissertation. Research methodology is described as an organised and systematic effort to analyse a specific question. (Sekaran, 1992). The chapter proceeds with a concise analysis of the research process. This is followed by an overview of the research design. Research methodology, including an evaluation of qualitative and quantitative approaches and which is the most appropriate for this study, is presented. The research problem is outlined followed by the research objectives and question of this study. The limitations or implications of the research are then discussed.

4.2 Research

According to the Merriam-Webster Collegiate Dictionary (1993), research involves investigation aimed at the discovery and interpretation of facts. Research must meet at least two main criteria; reliability of data, and validity. The starting point for researchers is identifying the research problem and from that forming a solution, (Sekaran 1992). According to Strauss (1987), it is important to realise the research process is unlike the finished product presented in dissertations; invariably it is an unstructured, disorganised process that comes together after time. Data analysis is used to bring order, structure and meaning to the mass of collected information (Strydom, *et al.*, 2002).

4.3 Research design

Bryman and Bell (2003), simply describe research design as a template for the collection and analysis of data. Cooper and Schneider (1998) provide a framework of the research process as indicated in Figure 2.

Figure 2: Framework of research process

1. Decide on research area↓
2. Isolate the research problem
3. Identify research objectives
4. Select research methodology
5. Data collection methods
6. Data analysis
7. Interpretation and presentation of findings
8. Discussion and conclusion

Source: Adapted from Cooper and Schneider (1998).

4.4 Research methodology

According to Yin (2004), the research problem drives the choice of the methodology. There are two research philosophies available; quantitative and qualitative. Both methods were considered for the purpose of this study, in order to ensure the author could realistically justify the ultimate choice used. Yin (2004) considers that critical analysis of research criteria frequently provides researchers with greater insight and a better indication of the topic being investigated.

4.4.1 Qualitative methods

Qualitative analysis is based on data collected by researchers where there is no formal quantitative structure used to generate projections (Harvey, 2004). According to Byrne (2001), definitions of qualitative research are generally imprecise and vague due to the amount of research methods available under its remit.

The most frequently used methods in qualitative analysis are:

- Interview: These may be unstructured, semi-structured or structured (Kane, 1995). The semi-structured method has the flexibility and is the one of the most appropriate techniques for this study in the author's opinion.
- Case study: According to Denscombe (2003), this method has some drawbacks particularly with regard to confidentiality concerns. Remenyi *et al.*, (1998) agree and also cite expense of time and money. The author deemed this method to be of significant use for the purpose of this study.
- Focus group: Contains six to twelve people to discuss a topic (Sekaran 1992). However, the logistics involved in this case makes this method unfeasible for this study.
- Pilot study- Generally done on small sample sizes prior to larger and more extensive analysis. The relatively small population of directors in Ireland and their unavailability made this an unrealistic option for this study.

According to Finlay, (2002), the researcher should be conscious of their own personal biases which must be taken into account in an epistemological reflexive manner (Willig, 2001), prior to analysis of the data. Similarly, the researcher needs to be aware that the interpretation and coding of data may be vulnerable to bias, (Finlay, (2002).

4.4.2 Quantitative methods

Quantitative research is more appropriate for official analysis involving statistics and figures supported by facts, which usually results in conclusive findings. Strydom, *et al.*, (2002) suggest quantitative data is a compartment of qualitative research when evaluating documents. Quantitative software packages such as SPSS can be used to assist in the analysis of large amounts of data. (Harvey, 2004).

Techniques involved in this type of research according to Bryman and Bell (2003) include experimentation, observation and surveys.

Table 1
Summary of differences between qualitative research and quantitative research

Qualitative Research	Quantitative Research
Useful for discovering	Useful for testing
Provide in depth information	Provides summary information
Discovers hidden motivations	Useful on tracking trends
More unstructured collection	More structured collection
Structured collection techniques	Unstructured collection techniques
Relatively short interviews	Relatively long interviews
Results objectives	Results subjective

Source: Adapted from Babin *et al.*, 2003

4.4.3 Advantages of qualitative analysis

- Can be more in-depth with the use of open-ended questions.
- More specific detail is provided regarding attitudes, motivation and behaviour (Frechtling and Sharp, 1997).
- Use of recording facilities in interviews according to Heritage (1984) is advantageous for correcting the limitations of our memory; allowing an in-depth analysis of what the interviewee says together with opportunities for repeat reviews of the interview.

4.4.4 Disadvantages qualitative analysis

- Research is difficult to reproduce.
- Findings breakdown and analysis can be more subjective resulting in bias, (Johnson 1997).

4.4.5 Advantages of quantitative research

- Researchers can measure and control variables by utilising quantitative multivariate methods.
- Large sample sizes commonly used are more representative of the population.
- Easily replicated (Barson (2003)).

4.4.6 Disadvantages of quantitative research

- Researcher bias, where personal views and perspectives are allowed to cloud the issue being examined (Johnson, 1997).
- According to Urban Wallace & Associates (1995), at least 200 interviewees are a minimum requirement to ensure reliable statistical analysis.

4.5 Research problem

The research question is derived from the literature review and ‘it is the literature review which should reveal problems or areas of incomplete knowledge in to the field of interest’ (Remenyi *et al*, 1998, p. 67). It is essential that the research problem or question is well defined as Bryman and Bell (2003) have acknowledged that research questions which are not properly defined will lead to poor research. They believe that the research question is crucial to the overall research process as a well defined research question will provide focus and clarity to the study (Bryman and Bell, 2003). This is supported by Sekaran (2003) who has also emphasised that it is critical that research questions are unambiguously identified and defined. Fundamentally, it is the research question which defines the research study and expresses the essence of enquiry (Mason, 2004, p. 19).

As a result of changing lifestyles and personal attitudes, the area of volunteerism and attracting individuals to serve on boards of directors in credit unions is directly affected. The problem explored in this study therefore is how the volunteer and director selection

process can be improved, considering the implementation of appropriate induction and training.

4.6 Research objectives

Jankowicz (2000), recommends linking the objectives with the research question as it assists in expounding the reason for the study.

This study's objectives and obtained from the literature review are:

1. What procedures credit unions carry out to acquire new volunteers on to the Board?
2. Do the volunteers understand their job to the best of their ability?
3. What training and orientation could be implemented for the benefit of the volunteer?
4. What measures may be taken to help improve the volunteers understanding of their responsibilities?
5. How volunteers can carry out their role more efficiently?

4.7 Research question

“What improvements are required to sustain volunteerism levels across credit unions and uphold good corporate governance, in line with board structure?”

The research question should be a concise and succinct statement of intent according to Sekaran (1992).

4.8 Justification for research methodology

The author selected qualitative analysis for the purpose of this study, primarily because it offers both explanatory and exploratory options. She believes quantitative research is

inappropriate for achieving the research objectives, when compared to the alternative in this case. The chosen qualitative methods are interviews and case studies. Alternative ways of processing interviews such as - personal interview, e-mail questionnaire, and telephone interview, were considered. Semi structured interviews were chosen as they provide the interviewer with an opportunity to ascertain the interviewee's viewpoint by using in depth questions. It is beneficial in that it gives a much richer account of the interviewee's experience, knowledge, ideas and impressions. (Alvesson and Deetz, 2000).

4.9 Interviews

Alvesson and Deetz (2000) declare the interview as a highly useful and valuable method for obtaining information. The interview process is flexible as it can be conducted anywhere and the questions can be adapted to obtain more information, unlike questionnaires that only provide one answer. The interview process can be very productive if the interviewer is a good listener and attentive to what is being said, and if the interviewee is willing to tell what exactly happens and not adjust the truth to what would put the company in a better light. It is important that the interview should be non-directive and free from biased or loaded questions. (Dainty and Smith, 1991).

The interview process can be divided in to three differing formats, structured, semi-structured and unstructured. The structured method is organized and is a clearly defined set of questions; the unstructured method is open and more flexible.

Given that this research is exploratory in nature the author chose a semi-structured interview format as it ensures that the interviewer is able to utilise all the opportunities made available to them to further develop the questions. The interview shall include open probing questions and closed questions. An open question is useful as the interviewee is enticed to provide more of their personal opinion (Lewis *et al*, 1997). This can then be followed by a probing question which further delves into the topic and gains a more indebt response. The closed questions are then used to acquire a direct

answer. The information is often used to substantiate a previous known detail about the subject area.

4.9.1 Structured interviews

Structured interviews according to Kane (1995), are rigid and the most formal interview method, but have both advantages and disadvantages shown in Table 2. Other options include those of a semi-structured or unstructured nature.

Table 2

Advantages and disadvantages of structured interviews

Advantages	Disadvantages
Detailed data is collected on the topic	Clear, unambiguous questions are required
Focus of attention on the topic	May give weak insights
Problem solving strategies can be revealed	Adequate knowledge of the issue is required

Source: Adapted from Campion *et al.*, (1994).

The author rejected this technique due to the rigidity of the format, which does not allow for more in-depth conversational questioning.

4.9.2 Semi-structured interviews

This method allows flexibility and the option to the interviewer to develop and expand on the issues raised with the interviewee, (Denscombe 2003). Hill (1994) maintains that semi-structured interviews allow for focused, two-way, conversational communication and this has its advantages shown in Table 3.

Table 3

Advantages and disadvantages of semi-structured interviews

Advantages	Disadvantages
Actual experience of the interviewee may be discussed	Researcher requires the skill to focus the interviewee on the topic
Unforeseen issues as they arise can be integrated	A comparatively time consuming method of data absorption
Very useful method in relation to understanding quality data	Allows for reduction of control of the process
Questionnaire is focused to collect significant details on attitudes	May result in important areas being overlooked

Source: Adapted from Campion *et al.*, (1994).

Having assessed the analysis in table 3, the author realised that the advantages of this method outshine the disadvantages. See appendix (3) for the interview questionnaire.

4.9.3 Quality issues of interviews

The utilisation of semi-structured interviews in the research process can result in varying problems which could adversely affect the quality of the data.

- Ambiguity and reliability of data arise as the interviewers are not fully standardised. This can result in reduced objectivity which is essential when

comparing the different interviewees and their responses. To avoid, simplify and repeat the same interview process (Alvesson and Deetz, 2000).

- Subjectivity of the interviewee could influence the information given in the interview; this affects validity as it may not truly reflect the conditions actually present. The culture of organisations and the beliefs and attitudes of the individual all determine the subjectivity of the data. Subjectivity is one of the main failings of the interview process, it can be minimised by making a personal connection with the interviewee. This type of relationship can make the interviewee more morally sound and reliable, as the interviewee is treated as equal. (Fontana and Frey in Alvesson and Deetz, 2000).
- Language, tone and the direction of interview questions can lead the interviewee towards the answers being looked for and not the actual situation. To solve, the researcher should appraise the question format and design. This is achieved by having an outside reader evaluate the effectiveness of the suggested layout in advance.
- Bias of the interviewer and the interviewee is a significant problem with the validity of data. It occurs in two ways;
 - i. The interviewer has their own preconceived opinions of the interviewee and may not conduct the interview in a correct and productive format.
 - ii. The interviewee also has previous perceptions of the interviewer resulting in a difficult and fruitless interview. A possible result of the sensitivity of the topic or a pre-existing relationship between the people involved.

In order to prevent this, the interviewee should have the interview process clearly defined and structured. The format should be followed in a professional and courteous manner, disregarding any previous misgivings and negativity represented by the interviewee. Their sensitivity and cautious attitude towards the subject area should be taken in to consideration and dealt with appropriately.

4.9.4 The interview

The interview schedule can be seen in Appendix 1. Prior to the commencement of the interviews, interviewees were advised of the nature of the research, that confidentiality would be acknowledged if they so wished and that the interview could take approximately sixty minutes. All interviews were in fact completed in forty to fifty minutes on average.

4.9.5 Case studies

For the purpose of this dissertation, the author decided to carry out a comparison between a large urban credit union structure and a small rural one. A structured approach, like that of a case study was deemed the most appropriate means of carrying out the research.

Stake (1995) observes case study research is concerned with the complexity and particular nature of the case in question. Knights and McCabe (1997) suggest that the case study provides a vehicle through which several qualitative methods can be combined, thereby avoiding too great a reliance on one single approach. According to Hakim (2000), case studies offer a flexible design, whereby experimental research in a natural setting can be compared to more descriptive areas. Case studies offer a rich detailed portrait of particular social phenomena. Yin (1994) defines a case study as:

‘An empirical inquiry that investigates a contemporary phenomenon within its real life context, especially when the boundaries between phenomena and context are not clearly defined’

Yin (1994, p13)

Denscombe (2000) outlines the advantages of the case study. Denscombe (2000) describes how case studies facilitate the use of multiple methods and suits where there is no need to control events and the phenomena are investigated as they naturally occur. Case studies bring some disadvantages also and Denscombe (2000) states that they are sometimes seen as soft data, whereby they lack in rigour and focus on the process rather than measurable statistics or output. Also, the researchers’ presence may lead to the

observer effect and as a result the subjects behave differently knowing they are being observed.

4.9.6 Secondary data

Secondary data was first utilised by the researcher as it established what information is available on the topic and whether there is a research gap. This data is obtained from previous research that has been conducted by others for another purpose. The data may address the question at hand and it can be obtained more easily than primary data. Therefore, secondary data should be conducted first, as it is more freely available and is more feasible to conduct than primary research. (Babin *et al*, 2003).

However, the researcher must be aware that secondary data may not suit the purpose of the research currently being undertaken and as such the validity of the findings may not be accurate. To overcome this problem the data should be subject to the same validity and reliability testing as the primary data (Babin *et al*, 2003). The secondary data utilised by the researcher was obtained from various Academic Journals, Books, University Theses, Government and EU Publications. Information was also obtained from the publications of relevant Professional Bodies and Institutions.

4.10 Limitations of the study

There is room for considerable bias in what questions are asked and interpretation of the replies. Recordings of interviews require transcription, which is an onerous, time-consuming task (Pettigrew, 1985).

The author exercised due care and attention in analysing the responses received. Another limitation concerns interview transcription time and cost. When analysing the transcripts the author compared them with the recorded data, thus ensuring their legitimacy.

The core limitations of the chosen methodologies are the time constraints they inflict. The nature of the sector made it difficult at times to locate the necessary personnel. However, due to the researcher having previous contact with the companies and the flexible nature of semi-structured interviews, these problems were circumvented through working in conjunction with the interviewees. The interviewer was able to facilitate the interviewee by conducting the interviews in a place of their convenience.

4.11 Conclusion

The chapter has defined the research process which shall be undertaken by the author. It has analysed the research options available and described the research design, problem and questions emanating from the literature review. The next chapter concentrates on the findings from the research process.

Chapter 5

Research Findings

CHAPTER 5

RESEARCH FINDINGS

5.1 Introduction

The purpose of this chapter is to analyse the findings from the data collected from a case study comparison which investigated the differences between a large urban credit union structure (Organisation A) and a small rural one (Organisation B). These credit unions will be referred to as Organisation A and Organisation B hereafter for confidentiality purposes. To examine each organisation in greater detail, the Manager of each and the President of the Board of Directors in each organisation were spoken with. The striking differentiation from the offset increases the validity of the research. A very evident Management structure is in place in Organisation A, unlike that of Organisation B, whereby no real Management levels exist, only that of a board of directors. Face to face interviews were also conducted with the Financial Services Ombudsman, Mr. Joe Meade, Former President of the Irish League of Credit Unions (ILCU) and Head of Credit Union Diploma Studies in University College Cork, Dr. Tom McCarthy.

The primary objective of the study is to explore the levels of volunteerism onto boards of directors, considering training and knowledge and how board structure can be improved to enhance governance structures. The levels of monitoring, regulation and supervision is also touched on and how they have has increased the need to improve overall governance within financial institutions, specifically credit unions.

5.2 Chapter outline

The research issues are:

1. What procedures credit unions carry out to acquire new volunteers on to the Board, so as to enhance and improve the overall acceptance of good governance?
2. Do the volunteers understand their job to the best of their ability?
3. What training and orientation could be implemented for the benefit of the volunteer?
4. What measures may be taken to help improve the volunteers understanding of their responsibilities?
5. How volunteers can carry out their role more efficiently especially with continuing challenges facing boards of directors?

5.3 Urban versus rural debate

5.3.1 Management structure

For the purpose of comparing Organisation A and Organisation B, the author carried out research by visiting both organisations and speaking with the Manager of both, along with a member of the board of directors from each. However, a striking contrast from the offset between Organisation A and Organisation B is that there is no Management in Organisation B, compared to a very evident structure in Organisation A, where a Chief Executive Officer exists and has been in existence for eleven years. The President of the Board in Organisation B is also an employee volunteer, who is involved since 1979.

5.3.2 Asset and member size

The credit union asset size in Organisation A is €90m compared to €3m in Organisation B. The member size contrasts considerably with 1,100 members in Organisation B compared to 17,000 members in Organisation A.

5.3.3 Board : Manager relationship

For continuing success and satisfactory work relations, the Board : Manager Relationship is crucial. An excellent relationship exists between Management and the Board in Organisation A where there are overall good relations at all times. Organisation B is similar in stating that there is continuous communication between all board members.

5.3.4 Attendance at board meetings

In Organisation A, the superb levels of attendance are mainly due to the credit union requirement of 80% attendance from volunteers on the Board, meaning, all volunteers must attend at least nine out of twelve meetings in the year. This requirement was not evident in Organisation B, but a representation of five volunteers or directors must be present for board meetings to commence.

5.3.5 Procedures to recruit volunteers

Organisation A and Organisation B were in a common understanding on the topic of recruiting new volunteers. Both Organisations admitted the process is getting more difficult because of people's changing lifestyles and attitudes. In Organisation A, the process of seeking new directors for the Board is quite ad hoc and is often done around the time of the Annual General Meeting. Friends of existing directors are approached more often than not in the hope of gaining new volunteers. A similar method is used by Organisation B, although the acquisition of new and fresh blood to the Board is proving to be quite a challenge, whereby, the majority of directors on the Board in Organisation B have been in their positions for an average of ten to fifteen years.

5.4 Measures to improve governance

The levels of monitoring, supervision and regulation has increased as a result of many different events and governance based cases. All interviewees declared that overall governance procedures and structures within financial institutions need to be reviewed and improved accordingly, especially with regard to volunteer responsibilities on the board.

As Financial Services Ombudsman, Mr. Joe Meade deals with complaints and in the course of dealing with complaints, certain matters may arise which could impact on corporate governance or areas where matters should be improved with regard to legislation. The overall corporate governance of any organisation is first of all a matter for the organisation itself he believes. Furthermore, Mr. Meade added how the Financial Regulator, in the case of credit unions and other financial institutions, has a role in regulating them and ensuring there is proper corporate governance. In that regard, themed inspections are carried out by the Financial Regulator. However in the course of complaints which are reviewed by Mr. Meade, which he feels could impact on corporate governance, he may refer such matters to the Financial Regulator in their supervisory role. By doing this, Mr Meade assured;

‘The proper steps are made in the challenging, but necessary governance improvement area’

Dr. McCarthy suggested there would have to be a greater emphasis on the education of directors on the Board for an evident improvement in overall governance.

An appropriate skillset on the Board is essential for improving governance he added. Not every individual on the Board has the necessary skills and this is where many of the main problems and research issues lie. The range of people on the Board is quite varied. People from different walks of life are present on Boards, which is only natural Dr. McCarthy noted by stating;

‘There has to be a certain amount of thought behind volunteering oneself for the board, most importantly, the motivations behind such a decision. A reasonable blend or mix of individuals volunteering themselves on to a Board of Directors is required ultimately’.

5.4.1 Acceptance of corporate governance

Dr. McCarthy mentioned that the corporate governance concept wasn't heard about years ago and now it is a very relevant topic. People shyed away from the words of corporate governance initially he added and admitted it was a very sketchy area for credit unions in the past but is becoming more and more generally accepted in the business environment as time goes by.

Dr. McCarthy's statements are supported by Mr. Meade. Mr Meade suggested some of the possible reasons behind the introduction of corporate governance and its increasing importance for acceptance. The new regulatory environment is one, primarily because matters were not working properly in the past. There are far more governance matters to be decided on, compliance is becoming more and more an issue and compensation can be awarded against institutions if they have treated customers unfairly. So, apart from the regulatory, it is also important for any industry itself to ensure its board of directors and its management are protected by the actions or inactions of their staff.

5.4.2 Enhancing governance through governance improvements

The aim of this research is to explore the levels of volunteerism on to Boards of Directors, considering training and knowledge an how board structure can be improved to enhance governance structures in turn.

From a legislative point of view, Mr Meade noted how credit unions are regulated by the Registrar of Credit Unions which from 2005 is a part of the Financial Regulator. Part of the Registrars' remit is to ensure there is proper governance structures and that there are proper procedures in place.

Mr. Meade referred to his public statement on the Davy decision, where he found against Davy's for the sale of certain products to the institutions, Enfield Credit Union. He stated the following:-

'I am also conscious of the great work that the members of Credit Unions, both on Boards and sub-committees do on a voluntary basis. It is fair to comment to say that they give on a voluntary basis of their time to assist members and to run the Credit Unions as they best see fit. Of course they have engaged office personnel but many of the major decisions have to be approved by the Boards of Credit Unions. In my view, and having dealt with Credit Unions since I became Financial Services Ombudsman on 16 May 2005, I am aware that they are ordinary people, intelligent, conscientious and considerate but generally they are not experts in their finer points of financial investments. Indeed, this is borne out by the statements furnished to me in January 2008 by Enfield Credit Union staff members who had the dealings with Davy since 2003'.

Mr. Meade further commented about credit union governance, where credit unions are run on a voluntary basis and where lots of their members are in full time employment and give of their time valuably. It needs to be understood that they are also controlling vast amounts of money. Therefore, there needs not alone to be corporate governance structures but management structures and it has to be recognised very much that the Board is there to lay the strategic vision whilst the professional management should manage and there is a danger that those at some occasion might get intertwined he declared. Dr. McCarthy supported the argument that there is more money and more people involved now. Younger people wish to be more involved nowadays. They are more skilled and wish to know more within the financial services sector. A younger and more focused generation is developing in the credit union movement and thus needs to be encouraged.

5.5 Credit union growth potential – A transition phase

Naturally, credit union growth is not the responsibility of the Financial Services Ombudsman, but Mr. Meade noted that the credit union movement has served Ireland well because there are more and more people saving and people are richer and that, more and more money may be put in to credit unions. The problem for credit unions is can they compete with the banks and other institutions who may offer better terms and

where the credit unions may have mass amount of money on deposit but cannot lend it. In that regard, because credit unions have vast amounts of money under their control, they must have the highest standards in it and voluntary people whilst they can be very good, they may not have the skills or the expertise. So in that regard, Mr. Meade feels the efforts to be made by the Registrar of Credit Unions and by the Irish League of Credit Unions (ILCU) and Credit Union Development Association (CUDA) to improve governance in the credit union movement have to be supported.

In light of Mr. Meade's point on whether credit unions can compete with the banks and other financial institutions, Dr McCarthy believes the number of credit unions will fall and there will perhaps be some amalgamations. However, an important consideration is that there is an ethos within the community of community involvement and he thinks these changes will be on a small scale at first. There will be a number of credit unions in an area that will club together – therefore a closer co-operation. A practical example mentioned by Dr. McCarthy is where there is a group of credit unions in West Cork – they each hold their own particular identity. They have tried to have uniform opening hours for the five/six credit unions. They all have the same uniform so that it is consistent between the group of credit unions.

Mr. Meade made important points in relation to the possibility of mergers and presents an important aspect to consider in depth.

‘Why were credit unions set up, what was their original purpose, will they go like the farming co-ops because of environmental changes?’

In answering and addressing the above concept, he believes that is a matter for each credit union to decide and for its members. Mr. Meade maintains that it is a serious strategic decision all credit unions must consider.

5.6 Appropriate balance of supervision

A balance of supervision should be at three levels, Mr. Meade upholds. Firstly the Financial Regulator as Registrar of Credit Unions has an important role in carrying out

inspections. Secondly, the supervisory area of the Board, together with Management has to have processes in place in order to ensure matters are being carried out appropriately.

‘In effect, the credit unions are no different to any other financial institutions. They have to put in place appropriate governance and supervisory procedures that are relevant to each one’

For instance, what will be appropriate for a very large credit union may not be appropriate for the small one and is the basis for the authors’ case study comparison between an urban and rural credit union. The bottom line is there has to be enough control there to ensure that members’ funds are not put at risk.

Essentially, in the urban versus rural debate, it comes down to the main principle that a credit union is there to serve the members, it is dealing with a large amount of cash, it is providing a service to members, Mr. Meade proclaims. Whether you are from the urban or the rural areas, how do you ensure that is safeguarded, that the credit union is working to the highest standards and that, be it voluntary or permanent staff are carrying out their duties appropriately. So, whilst there may be theoretical views as to urban versus rural, it comes down to a simple point he asserts;

‘Are the members protected and are the correct measures in place?’

Dr. McCarthy notes how the brief on the Supervisory Committee is quite vast. To do everything the Supervisory Committee is meant to do would be impossible he added. It would be necessary for the auditor perhaps to come in on a regular basis or indeed for the supervisors to employ somebody to with some sort of professional background or expertise to carry out the appropriate required tasks.

5.7 New approaches in acquiring new volunteers

Acquiring new volunteers is becoming more challenging and new approaches are required. Mr. Meade upholds his opinion with regards the volunteer’s aspect, the credit union is there support its members. If the members have the interests of the credit union

at heart, they will help out as volunteers. However, Mr. Meade interestingly pointed out that we live in a society where voluntary co-operation is beginning to become less and less because of people working and other commitments. More importantly, he feels an area to look at, is whether there are permanent staff there that can do a lot of the work, which maybe seven or eight volunteers might do. For instance, one or two extra permanent staff might get over a lot of the problems if people are experiencing difficulty. Furthermore, he comments on board composition and validly suggests;-

‘For Boards of Directors, I am not aware that there is a shortage of people looking for places on those Boards, but it would be necessary that there should be a change in the Boards over periods of time and that the Board is not composed of the same people for years and years’.

A contrasting view from Dr. McCarthy was evident, whereby he felt a lot of the time people volunteer for something because of the challenge that it gives them. People volunteer for community feeling. A lot of younger people go for something which challenges society. Credit unions do not do this and this is where the main problem lies. Credit unions are seen as one more service provider within the financial services sector. You have to show there is a difference between credit unions and other financial institutions by trying another approach in encourage attendance at the credit unions AGM to perhaps attract new individuals. Dr. McCarthy maintains that the acquisition of volunteers is centred around democracy in general.

5.8 Challenges facing board of director volunteers

There are many challenges facing a board of directors in today’s turbulent global environment. Mr. Meade is adamant that the main challenges a board of directors are that they are the corporate governors of an institution. If it fault arises, that is the ultimate responsibility of the board of directors. Therefore, it is not a light task to take on. Hence, they have to protect themselves by ensuring their structures, both management reporting and administrative based are there. Whilst they do not get involved on the nitty gritty and day to day operations, they must guarantee that overall operations work well. So, to summarise, Mr. Meade stated;

‘The challenge is, are the board of directors happy and convinced that in carrying out their duties, they are ensuring what is expected of them is done appropriately and correctly’

Dr. McCarthy supported Mr. Meade’s comments and reflected on one of the Co-Operative Diploma Studies Mantras’ in University College Cork. He asserts that credit unions and co-operatives have a certain adversity;-

“They must survive the good times to be there at the bad times”

Significantly, legislation is a huge area Dr. McCarthy maintains. The recent introduction by the Financial Regulator of minimum competency requirements will ultimately cause problems throughout the movement and will be a challenge and a struggle he concluded.

5.9 The role of the volunteer

As regards volunteers carrying out their role more efficiently, three items should be considered according to Mr. Meade.

1. They should know in detail what a credit union is for, what their function are and what their function should be;
2. If they are on a board of directors, they should ask as many questions as they want to, probe management as to what is happening;
3. They should get, at every board meeting management accounts, review how matters are working out towards budgets and examine trends and patterns.

And finally if in doubt, they should always raise questions and ensure that they get satisfactory answers.

Dr. McCarthy argues that volunteers are different now to what they were before. They did everything in the past within the credit union because there were no employees as such. The volunteers now are essentially people on committees and on board of

directors. Volunteers have to realise that the jobs that they are doing are dealing with policy and let the staff get on with their work. Sometimes, board of directors interfere too much with staff and this is a bad idea. Staff need to hear that people have confidence in them. You have to regard the staff as very important members of the organisation but that boards deal with Policy alone Dr. McCarthy stressed.

5.10 Conclusion

Present economic conditions and the possible outlook for the future appears promising for the continued success of the credit union movement. The urban versus rural debate will exist for some time more according to all those interviewed with the possibility of amalgamations imminent for the future. Boards seem to be very appreciative of their management and seemed happy to delegate general authority to them to operate the credit union on their behalf. Relationships between board members were excellent, with no significant difference. All acknowledged that this relationship was crucial to the success of the credit union.

The healthy and continual acceptance of corporate governance in to the business environment is much needed, but will need to be enhanced and strengthened in the transition phase for credit unions and for their future growth potential. An appropriate balance of supervision will be crucial especially with the challenges which face board of directors in today's unstable environment.

After concluding the research, it is evident that there are differences in the opinions of those interviewed in face to face interviews and in the carrying out of the case study of an urban versus rural credit union. These will be discussed further in the discussion chapter.

Chapter 6

Discussion

CHAPTER 6

DISCUSSION

6.1 Introduction

The aim of this chapter is to analyse the primary research findings in relation to the theory presented in the literature review. It also seeks to analyse the findings in relation to the research objectives. The primary objective of this research was to explore the topic of volunteerism on boards of directors. Encompassing this, consideration was also given to the levels of training and knowledge required for such volunteers in their involvement in Irish credit unions. What procedures do credit unions carry out to acquire new volunteers on to the Board, so as to enhance and improve the overall acceptance of good governance? Do the volunteers understand their job to the best of their ability? What training and orientation could be implemented for the benefit of the volunteer? What measures may be taken to help improve the volunteers understanding of their responsibilities? How can volunteers' carry out their role more efficiently, especially with continuing challenges facing boards of directors? Also, the level of monitoring, regulation and supervision is considered, along with the increased need to improve overall governance within financial institutions, especially credit unions.

6.2 The acceptance of corporate governance

The words corporate governance are certainly becoming extra relevant and both Dr. McCarthy and Mr. Meade believe the new regulatory environment is one of the primary reasons. Compliance issues are thus of an increased importance because of such regulatory changes. The Economist Intelligence Unit (2002) state the prime responsibility for good governance must lie within the company rather than outside it. Mr. Meade stressed the significance of guaranteeing a credit unions board, management and staff are therefore protected by their actions or inactions.

6.3 Importance of an appropriate director selection process

As a result of reviewing the literature, the credit union movement has certainly evolved and the importance of appropriate director selection has an increased importance, due to changes in corporate governance and credit union legislation. The board of directors plays a key role in the structure and the process of corporate governance according to Leighton and Thain (1997). Common to all academic literature, the definitions of the role of the board of directors are the functions of monitoring, advising and leadership. (McKillop *et al.* 2006). Dr. McCarthy noted that because credit union volunteers are drawn from the membership, several aspects must be considered that limit and restrict the scope of governance, such as the actual involvement of the members in the governance of the credit union. Thus, the author considers it is important to comprehend that factors like this reduce the pool of expertise from which potential volunteers may be picked and hence impacts hugely on the governance ability of credit unions, especially in their development.

Essentially, the research findings concur with the literature and an appropriate director selection process is one of the primary concerns for credit unions to consider. With the transition of credit unions into the mainstream of the financial services sector, the process is now possibly outdated as a constituent of corporate governance. Furthermore, McKillop *et al.* (2006) emphasise that for a considerable number of credit unions, the process resembles little more than a regulatory compliance element and not a primary mechanism for improving board effectiveness, quality and overall credit union governance. However, it was evident from both Organisation A and Organisation B that the volunteering aspect in the credit union movement is still a hugely important feature. Both the manager and chairperson of both credit unions stressed how ongoing volunteer and director recruitment difficulties puts increased pressure on the organisation and will continue to be a constant challenge.

6.4 The urban versus rural debate

Without doubt, in the urban versus rural debate, the primary factors which signify changes in the credit union environment are the Board : Manager relationship, along with asset size of the institution. McKillop *et al.* (2006) have recognised that credit unions in Ireland are encountering significant challenges due to a changing economic, financial, regulatory and social environment. Hence, the Board : Manager relationship is crucial and aids the improvement of overall corporate governance within the institution and whilst clearly demonstrating the important connection that exists between corporate governance and the board of directors. The competence of the board of directors is increasingly regarded as a determinant of organisational performance (O'Higgins, 2002).

6.5 Improving corporate governance effectiveness

The question of how to improve the effectiveness of corporate governance, especially the effectiveness of the boards of directors has drawn a lot of attention, according to Shen (2005). Board member attendance at meetings is a vital feature of board effectiveness and therefore an important element and duty for volunteers' to satisfy. The author recognises the outstanding attendance levels in Organisation A are predominantly due to an internal ruling, whereby, an, eighty per cent requirement exists, meaning volunteers' must attend at least nine out of the twelve board meetings in the financial year. This 'rule' certainly works for Organisation A and is an effective way of ensuring attendance levels are continually upheld, together with making progress in the governance improvement area. In comparison, no such rule is evident in Organisation B. However, the level of attendance at board meetings is satisfactory, without the need to implement such a rule. Mr. Meade added an important point with regard to continuous efforts which are made by the Registrar of Credit Unions, the Irish League of Credit Unions (ILCU) and Credit Union Development Association (CUDA) to improve governance within the credit union movement and is adamant that they should be supported thereafter.

6.6 Issues with volunteerism

Byrne *et al.* (2004) emphasise that volunteerism is the foundation stone of the credit union ethos. Yet, McKillop *et al.* (2006) uphold that the majority of credit unions do not seek directors with specific skills. Therefore, the process of volunteer take on is getting more complex and challenging as time goes on. Mr. Meade interestingly pointed out that we live in a society where voluntary co-operation is beginning to become less and less noticeable because of people working, along with their other personal commitments. In the urban versus rural comparison, the volunteer recruitment methods are similar and prove to be somewhat informal. Mr. Meade wisely suggests that there should be a change in the boards over periods of time and that the board is not composed of the same people for years and years.

Ward (2000) state the volunteers are the stewards of the credit union and are democratically elected by the members to run the credit union on their behalf. Dr. McCarthy is in full agreement and feels a lot of the time people volunteer for something because of the challenge that it gives them, he believes people volunteer for community feeling. Furthermore, he maintains that the acquirement of volunteers is centred around democracy in general. Varying motivations to volunteer were identified in the literature review. Byrne *et al* (2004) maintain there are specific reasons why people choose to volunteer. In conducting research, common links certainly emerged with all those spoken with and the reasons why people choose to volunteer centred around a sense of involvement, community feeling and participation in general. Furthermore, the procedures credit unions carry out in acquiring new volunteers on to the board, in order to enhance, improve and sustain good governance emerged as being very much an informal process. Thus, a strong link can be made with original research objectives here, which predominantly focused on the difficulties surrounding volunteerism and procedures used.

6.7 Training

In light of the reasons for volunteer motivation, one should consider if there are appropriate levels of training and up dating of such training offered in such a lengthy time span. The National Committee on Volunteering (2002) declare that training is critical in ensuring effective relations between volunteers and staff, together with, contributing to the public image and achievements of the organisation thereafter.

The Combined Code (2003) acknowledges that a board should annually undertake a formal and rigorous evaluation of its own performance, including both committees and individual directors. The better educated and trained your board members are in the governance area, the more likely they are to perform and have the ability to cope with challenges which they may face. Hence, a volunteer who may have a certain expertise in finance or professional background would understandably be an advantage to have on the board. Dr. McCarthy suggested there would have to be a greater emphasis on the education of directors on the board for an evident improvement in governance. An appropriate skill set is therefore required. Not every individual on the board has the necessary skills and hence many of research issues are emphasised.

6.8 The need for a nominating committee

The primary research findings agree with previous literature and declare the presence of a nominating committee will improve board structure, the overall quality of the board and in turn the governance of the credit union. The nominating committee is predominantly associated with the selection process McKillop *et al.* (2007) believe. A recurring point in the research process is that a review of governance procedures is ultimately required, particularly in relation to duties and responsibilities of volunteers on the board of directors. Long (2006) understand by doing this, credit unions will be one step further in improving the effectiveness of directors sitting on the board.

Furthermore, McKillop *et al.* (2007) declare that the composition of the board of directors is critical for providing a foundation for the successful operation of a credit union and in protecting the interests of the movement as a whole. The Organisation for Economic Co-operation and Development (2004) support McKillop *et al.* (2007) and assert good governance depends on the right combination of board structure, board processes and board behaviours.

6.9 Organisational support for volunteers

Byrne *et al.* (2004) outline a number of ways credit unions can support the volunteer such as, induction, ongoing training and education, appropriate communication channels, encouragement, respect and recognition from the organisation. Providing such support and recognition to volunteers is highly important, so as to sustain these individuals participation within the credit union movement. Both Mr. Meade and Dr. McCarthy emphasised the need for structure and an appropriate approach to induction and training.

Mr. Meade considered asking questions to be a crucial factor for board members. Dr. McCarthy argues that volunteers are very different today to what they were before. They did everything in the past within the credit union because there were no employees as such. Hence, a suitable level of volunteer induction, orientation and training is ultimately required.

The author believes this has practical implications and will portray the relationship which exists between observations in the research process and previous research on the topic of volunteerism. Fittingly, Willis (1991) discusses a number of ways the organisation can support the volunteer and is aptly illustrated in a volunteer support life cycle model. (Figure 1)

6.10 Board assessment and evaluation

There are many challenges facing volunteers and boards of directors, with one of the main ones been, that they are the main corporate governors of the institution. Sidall (2000) highlights how boards now face many challenges in continuing to contribute effectively to the governance process. Mr. Meade is adamant, that if a fault or issue arises, the ultimate responsibility lies with the board of directors.

Coulson-Thomas (1992) stress board review and evaluation is certainly important. The performance of an institution generally reflects the effectiveness of all parties involved, from day-to-day operations extending right up to managerial level. The introduction of minimum competency requirements by the World Council of Credit Unions (WOCCU) will ensure boards have enhanced governance and have the desired elements of an effective board of directors. They are recognised by WOCCU as best practice principles. The striking contrast on the acceptance and opinions of minimum competency requirements on boards of directors was evident in thoughts expressed in both Organisation A and Organisation B. While Organisation A welcomed such improvements to endeavor to improve the individual abilities of directors, Organisation B declared that the introduction of such regulation would possibly eliminate the smaller credit union, as the volunteer director will not want to commit themselves with such responsibility.

To further emphasise the importance of appropriate induction and training, Eadie (2007) suggests that new volunteers should have a suitable knowledge teamed with skills, which are kept up-to-date, in order to enable them to participate effectively in ongoing board business.

6.11 The value of volunteers to the credit union movement

Eadie (2007) expresses how the great majority of board members are eager lifelong learners who are committed to their responsibilities as a volunteer. However many of

them are cautious in developing their knowledge and skills once they have gone through basic induction, orientation and training. Interestingly, Mr. Meade highlighted the importance of volunteers within an organisation in a public statement on the Davy decision. He reiterated the imperative point that volunteers give of their time on a voluntary basis and that they are ordinary people who are both intelligent and conscientious. Dr. McCarthy believes a younger and more determined generation is developing within credit unions and needs to be encouraged further from a volunteerism aspect. Branch and Baker (2000), cited by McKillop *et al.* (2006) state that many boards in credit unions may fail to meet the standard of having the financial and business expertise required to direct a financial institution, mainly because the board members have considerable experience of community involvement and are more responsive to local community social issues.

6.12 Conclusion

This chapter assessed the primary research findings in terms of the objectives of this dissertation and the literature review. The subject matter discussed is derived from qualitative interviews and case studies, which generated the responses leading to the findings. The following chapter is conclusions and recommendations, in which the author will theorise on the basic objectives of the dissertation.

Chapter 7

Conclusions and Recommendations

CHAPTER 7

CONCLUSIONS AND RECOMMENDATIONS

7.1 Introduction

The purpose of this chapter is to present a clear and concise summary of the dissertation and to draw clear and concise conclusions to the literature review and the research findings. The objectives of the dissertation will be concluded and the research undertaken to achieve them summarised. From completing the study, possible recommendations are presented, together with recommendations for further research.

7.2 Objectives of the dissertation

The first objective was to ascertain procedures credit unions carry out to acquire new volunteers on to the board. The second objective was to identify whether volunteers understand their job to the best of their ability and the implications this has on governance within credit unions. The third issue to investigate was what training and orientation could be implemented for the benefit of the volunteer. Finally, consideration was given to ways in which volunteers can carry out their role more efficiently. These objectives were researched through reading various articles and books on the area and by undertaking primary research in the area and gathering information based on objectives, on the area of volunteerism.

7.3 Literature Review Conclusions

From reviewing the literature, it is evident that credit unions have advanced and developed over time and the importance of a suitable director selection process is increasingly important. It appears that a strong relationship exists between boards of directors and corporate governance. To ensure that boards continue to contribute effectively to the governance process, it is vital that they are made up of directors who

possess the necessary skills. The literature suggests the area of governance is one which needs continuous improvement.

The literature review also analyses the topic of volunteerism and the necessity for proper induction and training from the offset. Byrne *et al.* (2004) affirm that volunteerism is the foundation stone of the philosophy and ethos of the credit unions. The literature review also reveals the importance of board assessment and evaluation and the vital part they play in achieving good governance within an organisation. In summary the literature review gave an understanding on the topic of volunteerism and the important role volunteers play in credit unions. The emerging need for organisational support, recognition, board assessment, review and evaluation stemmed from analysing the literature also.

7.4 Summary of the primary research findings

The primary research undertaken at Organisation A and B revealed some very interesting and significant findings. The author feels the striking contrast between Organisation A (urban credit union) and Organisation B (rural credit union) is a true indication of a changing Ireland. No management structure exists in Organisation B, compared to a very evident structure in Organisation A, where a Chief Executive Officer exists and has been in existence for eleven years. The chairperson of the board of directors in Organisation B is also an employee volunteer, who is involved since 1979.

Furthermore, the credit union asset size in Organisation A is €90m compared to €3m in Organisation B. The member size contrasts considerably with 1,100 members in Organisation B compared to 17,000 members in Organisation A. The possibility of amalgamations are imminent and all interviewees agreed that the smaller, rural credit union is in danger, but stressed matters will not change too rapidly just yet.

Boards appear to be very appreciative of their management and seemed happy to delegate general authority to them to operate the credit union on their behalf.

Relationships between board members were excellent, with no significant difference in either organisation. All acknowledged that this relationship was crucial to the success of the credit union. Equally, the level of attendance at board meetings is superb in Organisation A due to its eighty per cent attendance requirement. Albeit, such conditions do not apply to Organisation B, they maintain adequate levels of attendance at all times, with the average of five members attending each meeting. Both the urban and rural organisation admitted the process of recruiting volunteers is getting more difficult because of people's changing lifestyles and attitudes.

The author ascertains the most worrying point and perhaps a barrier to the governance structure is the duration of service of many volunteers in credit unions, especially in a rural setting. The majority of directors on the board in Organisation B have been in their positions for an average of ten to fifteen years. Essentially, in the ongoing quest for governance and volunteerism improvement together with board structure development, change is needed in the manner in which credit unions recruit volunteers. Consequently, by implementing an enthusiastic board and carrying out frequent evaluation of its' directors, governance failure and essentially organisational failure can be prevented.

The levels of monitoring, supervision and regulation has increased as a result of many different events and governance based cases. Both Mr. Meade and Dr. McCarthy declared that overall governance procedures and structures within financial institutions need to be reviewed and improved accordingly, especially with regard to volunteer responsibilities on the board. As credit unions are run on a voluntary basis and where lots of their members are in full time employment and give of their time valuably, it needs to be understood that they are also controlling vast amounts of money. Therefore, there needs not alone to be corporate governance structures but management structures in place and it has to be acknowledged that the board is there to lay the strategic vision whilst the professional management should manage.

The problem for credit unions is whether they can compete with the banks and other institutions who may offer better terms. In that regard, because credit unions have vast

amounts of money under their control, they must have the highest standards in it and ensure volunteers have the necessary skills and expertise.

7.5 Overall conclusions

Acquiring new volunteers is becoming more challenging and new approaches are required. Voluntary co-operation is beginning to become less and less apparent because of people's changing lifestyles. It is important to differentiate between credit unions and other financial institutions by trying and testing out new methods in order to encourage attendance at the credit unions AGM and hopefully attract new individuals to a position of volunteering within the credit union.

There are many challenges facing volunteers and boards of directors. They are, after all, the corporate governors of the credit union. Consequently, legislation will continue to be a vast area. The establishment of minimum competency requirements, one of the more recent governance improvement initiatives will be a struggle for many credit unions to satisfy. Strong opinions were expressed in the case study comparison regarding such change, especially in Organisation B. Uncertainty, hesitation, ambiguity and worry would describe the feelings of respondents in Organisation B. Organisation A responded favourably to the launch of such minimum competency requirements. Both manager and chairperson agreed that they are the way forward and that such legislation should be accepted to enable further credit union development and maintain and build up such levels of success.

7.6 Recommendations

To improve overall governance within financial institutions, specifically credit unions, the author believes a part time knowledge should be employed in line with auditors and accountants. Therefore, a good balance is required, an overall "good fit" individual who will receive up-to-date training. Also, in line with new regulation and legislation, the

author would recommend that a full time compliance officer should be appointed to address any issues relating to monitoring, supervision and regulation.

The aim of this research was to explore the levels of volunteerism on to boards of directors, considering training and knowledge. As volunteerism is in decline, the author would advise the sourcing of directors with knowledge and to literally 'buy the brains'. In doing this, board structure will be improved and thus governance structures will be enhanced in turn.

The author would further recommend that volunteers grasp the importance of their position in order to carry out their role more efficiently. A full induction and training programme is definitely required. Money laundering, minimum competency requirements and qualified financial advice are all areas which volunteers need to be well up on.

Also, with regard to the issue of whether volunteers' understand their responsibilities to the best of their ability, I believe having a board with appropriate skills and motivation to carry out such responsibilities will ensure that tasks such as long term strategic planning and short term annual planning are undertaken by all credit unions.

7.7 Recommendations for future research

Due to highlighting the importance of characteristics, experience and knowledge required by volunteering board members, the author recommends examining whether introducing an optional period in an environment that educates volunteers on their requirements prior to taking up board positions would be advantageous to the credit union and themselves.

The decline of the smaller rural credit unions is a sign of changing times, possible mergers are an option and will be a critically important area before long. Thus, further research around this issue would be advantageous.

The author recommends exploring volunteerism in other clubs and organisations, such as local GAA clubs or community based projects and focus on the extent of new initiatives and measures being utilised.

As suggested in the primary data, the Credit Union Act perhaps gives too much power and hence needs to be reviewed.

7.8 Closing Comment

This study was undertaken with clear objectives to look at what improvements are required to sustain volunteerism levels across credit unions and uphold good corporate governance, in line with board structure. The author suggests that these objectives subject to the study's constraints have been achieved. The findings have provided an Irish viewpoint on volunteerism in Ireland and provide future researchers with points of reference for more in-depth studies.

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Appendices

Appendix (1) Schedule of interviews and diary of appointments

Case Study Comparison of Credit Unions Governance Structure Urban V. Rural Debate
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Note: For confidentiality purposes, both credit unions are referred to as Organisation A and Organisation B respectively.

Organisation A

Meeting and Interview with Manager	June 23rd 2008 at 2.30pm
Meeting with Chairperson of Board	June 13th 2008 at 10.30am

Organisation B

Meeting and Interview with Chairperson of Board	June 18th 2008 at 11.00am
Meeting with member of staff	June 18th 2008 at 2.15pm

Interviews

Mr. Joe Meade, Financial Services Ombudsman	June 11th 2008 at 12.15pm
Dr. Tom McCarthy, Former President of ILCU and Head of Credit Union Diploma Studies in UCC	June 16th 2008 at 11.00am

Appendix (2) Interview request cover letter

Hello,

My name is Lisa Stapleton and I am currently a postgraduate student of WIT, on the MBS (Corporate Administration) programme. My dissertation due in September 2008 will be based on governance, with particular emphasis on the topic of volunteerism and boards of directors in credit unions. I am aiming carry out interviews along with conduct a case study comparison between an urban and rural credit union.

My general research question at the moment is, what improvements are required to sustain volunteerism levels across credit unions and uphold good corporate governance, in line with board structure?

I would be delighted if you would consider being part of my study.

I look forward to hearing from you.

I am contactable by post, email or mobile.

Kind regards,

Lisa Stapleton
Tús Ré,
Ardmayle East,
Boherlahan,
Cashel,
Co. Tipperary

E-mail: lisastapleton@gmail.com
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Appendix (3) Semi – structured interview questionnaire

- 1) The levels of monitoring, supervision and regulation has increased as a result of many different events.
What is the next step, do you think for improving overall governance within financial institutions?
- 2) Do you think corporate governance is being accepted more in the business environment now. And why so? What has led to its increasing importance?
- 3) The aim of this research is to explore the levels of volunteerism on to Boards of Directors, considering training and knowledge. How can board structure be improved to enhance governance structures in turn?
- 4) The Credit Union movement is going through a transition perhaps, how can you see its growth potential down the line?
- 5) Some analysts have been quoted as saying the inevitability of mergers within Irish Credit Unions is unstoppable, do you agree?
- 6) The Credit Union has a wide range of products and services, do you think a greater range is needed?
- 7) How do you think Credit Unions can impose an appropriate balance of supervision, alongside Supervisory Committees, for instance?
- 8) Acquiring new volunteers is becoming more challenging. What new approaches are required in your opinion?
- 9) There are many challenges facing a Board of Directors in today's turbulent global environment. In your opinion, what are the main challenges?
- 10) How can volunteers carry out their role more efficiently?

Appendix (4)

Case study Interview and meeting with manager

Interview with Manager

1. What is your official job title?
2. How many years have you been in this role?
3. What is your credit union's asset size?
4. Number of members?
5. Do you have a written contract?
6. When was your contract last reviewed?
7. Do you have a written job description/specification?
8. What areas does it cover? (e.g. developing strategies, member services, lending, staff/HR, budgets, health and safety, internal controls, compliance, IT, reporting to board, authority, performance measures, other)
9. Which of these best describes your role?
 - a. Managers as Civil Servant – *Board has primary leadership role; Managers role is closely prescribed and is principally to lead those who deliver services to members*
 - b. Manager as Leader – *Manager is part of the credit union, leading from the front, in partnership with the Board, developing policies and strategies that will empower it to achieve its co-operative purpose*
 - c. Manager as Benevolent Dictator – *Board is happy to defer to manager on most issues, so long as the financial statements look good*
10. To whom do you directly report?
11. Do others respect this reporting line?

- a. Re Manager and Board
- b. Re Subordinate Staff and Directors

12. Do you consider your role is adequately defined? If you do not have a written job description, to what can you refer to in case of doubt? (e.g. previous board minutes, etc.)
13. Do you sometimes find yourself in situations where you are unsure whether you have authority to act? If so, how frequently does this occur? Give examples...
14. In such situations, are you confident of having the support of the Board, so long as you act in good faith and in the members and credit unions best interests, or do you feel that it is more appropriate for you to 'cover your back'?
15. Do you attend Board meetings:
 - a. Regularly, for full meeting
 - b. Regularly, for part of meeting only
 - c. Occasionally
 - d. Never
16. How would you describe the Board:Manager relationship in your credit union?
17. On a scale of 1 to 5, where 1 is Very Little Participation and 5 is Full Participation, to what extent are you allowed to participate in Board Meetings?
18. Has the Board put any procedures in place to deal with situations, when a decision can not wait until the next scheduled Board meeting?
19. What reporting relationships are evident on the Board?
20. Are various committees present within the Board? If so, what are they?
21. Have you been provided any training since joining as a volunteer?
22. Have you attended any Credit Union related forums?

23. Who is responsible for carrying out the monthly management accounts, i.e., bank recs, investment reports, credit control reports, etc.
24. What is the level of attendance at Board meetings like?
25. Does the Credit Union have a Supervisory Committee in place?
26. What process is carried out find new volunteers to act on the Board?

Appendix (5)

Case study Interview and meeting with member of the Board

Interview with member of Board of Directors

1. What office do you hold in the credit union?
2. How long have you been in this role?
3. What is your credit union's asset size?
4. How many members do you have?
5. Which of these best describes the managers role?
 - a. Managers as Civil Servant – *Board has primary leadership role; Managers role is closely prescribed and is principally to lead those who deliver services to members*
 - b. Manager as Leader – *Manager is part of the credit union, leading from the front, in partnership with the Board, developing policies and strategies that will empower it to achieve its co-operative purpose*
 - c. Manager as Benevolent Dictator – *Board is happy to defer to manager on most issues, so long as the financial statements look good*
6. To whom do you directly report?
7. Do others respect this reporting line?
 - a. Re Manager and Board
 - b. Re Subordinate Staff and Directors
8. In such situations, what is the attitude of the Board?
 - a. So long as it was a grey area and the manager was acting in the best interests of the members and the credit union, the Board will be supportive and ratify whatever action was taken.

b. The Board would be very concerned that the Manager had exceeded his or her authority.

9. Has the Board put any procedures in place to deal with situations, when a decision can not wait until the next scheduled Board meeting?
10. What reporting relationships are evident on the Board?
11. Are various committees present within the Board? If so, what are they?
12. Have you been provided any training since joining as a volunteer?
13. Have you attended any Credit Union related forums?
14. Who is responsible for carrying out the monthly management accounts, i.e., bank recs, investment reports, credit control reports, etc.
15. What is the level of attendance at Board meetings like?
16. Does the Credit Union have a Supervisory Committee in place?