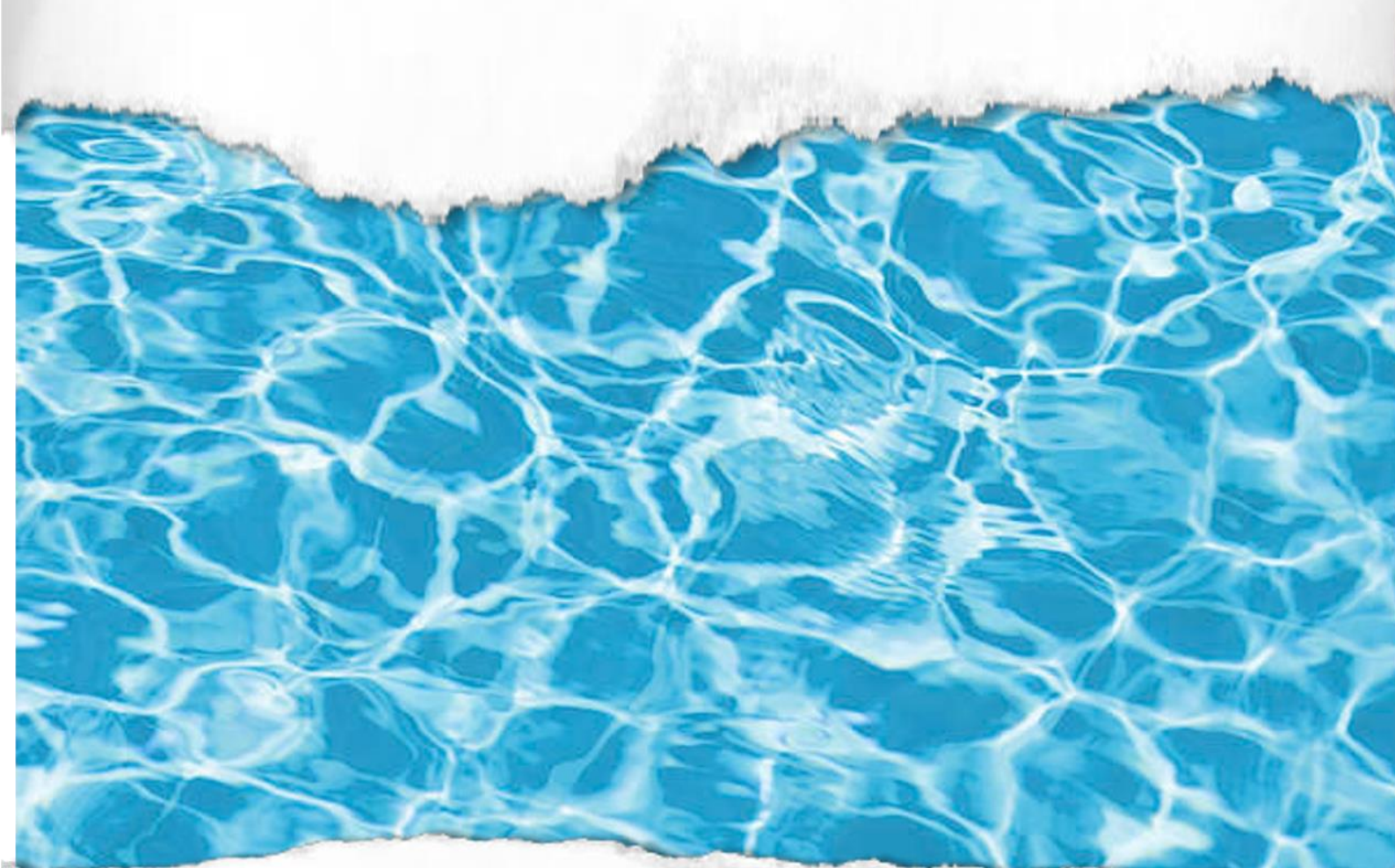


**SWOBODA RESEARCH CENTRE**

**The Reflections Series**

*Insights and experience from practitioners*

**Be Intentional About Your Culture  
... It Matters**



Fintan Ryan

December 2023





From the Reflections Series  
*Insights and experience from practitioners*

## **Be Intentional About Your Culture ... It Matters**

**By Fintan Ryan**



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**SWOBODA RESEARCH CENTRE**

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The Centre is rooted in values of co-operation, participation, social and financial inclusion, transparency, integrity, and excellence.

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**The Reflections Series:** Most reports and papers from Swoboda are based on primary and / or secondary research, presented by subject matter experts, often academics. In this series, Swoboda seeks to give a platform to the practitioners - executives, directors and staff – of community finance providers, to present their views and ideas. These papers are rooted in their own experience of organisational planning and delivery, rather than the study of others', and provide an insightful complement to traditional research papers.



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## Introduction

*“If you think the problem is out there that very thought is the problem.”* Dr Steven R Covey (2022)

Credit unions are member owned financial co-operatives that subscribe to the ten co-operative values and seven principles. One might think, that, guided by these parameters, credit unions would generally have the same values and culture. My experience is that, where credit unions have stated values, they are similar, but their cultures are as unique as their board of directors and its leaders.

Every organization has a unique culture (and often sub-cultures); a ‘way we do things around here’. These cultures define the behaviours and social norms of a company. Credit unions cannot simply rely on the fact they are a co-operative to define their culture; leaders must be intentional or there will always be a gap between what is needed to thrive and ‘what really goes on here’. In a financial institution culture also speaks to how we govern, consider risks, encourage questions, and put our members first.

I have experienced different credit union cultures throughout my career. Most recently, when I joined a new credit union as CEO and held my first meeting with all the staff, I shared my vision for the credit union and how I saw everyone’s role in contributing to our success. I closed with my usual offer to come chat with me at any time, to share their ideas and ask questions. The response was positive, and I left the meeting feeling great ... until I received a call from one employee. They thanked me for the message but thought I should know that even if employees wanted to come speak with me, they could not as they did not have access to my area of the office building! What a shock to me, I had assumed (like many people do) that because I was in a credit union the culture was like the others I had worked in – welcoming, caring, and inclusive. Needless to say, the office access was quickly restored.

In this paper I suggest that culture cannot be left to chance. While credit unions are guided by our co-operative principles, leaders must intentionally engage with employees to define and build their desired culture. I share the steps to take and review the role everyone should play in building and holding each other accountable to living out that culture.

### 1. What is culture?

Culture comes from the old Latin word *Cultus*, meaning care. This makes sense when we understand that ‘agri-culture’ means caring for the land. Organisational culture therefore asks us to care for those who are part of our organisation and those we encounter, as an organisation.

Every organisation has a culture, but many have never purposely defined or considered what their culture is and if that culture is helping them achieve their strategy and goals. In a credit union context, culture can be defined as ‘the way we do things around here and the way we are expected to do things around here’, our behaviours and our norms. It is the experience and feeling that an organisation gives off and the atmosphere it provides internally for its employees, and board members. It is how we



deal with suppliers, regulators and, above all, our members. Credit unions with branches can have as many cultures as branches. This is especially true where credit unions have been through a merger or transfer of engagements, where people hold on to 'the way things used to be'.

Culture can be sensed quickly - within minutes of walking into a credit union you get a feeling for their culture; were you greeted warmly or ignored? Did you feel valued, or did you feel like an interruption to their day? When you joined the credit union as an employee or volunteer, did you feel welcomed or more like an outsider trying to find their way in?

## **2. Why is culture important?**

If we agree that culture is 'the way we do things around here' and it's the experience and feeling that you get when you come in contact with a company, then it is part of every action and interaction in every day. These actions and interactions dictate the long-term success and sustainability of an organisation. If we are leaders in our credit union, our role is to bring success and sustainability to our credit union. We can create the environment for success if we take ownership of the culture within our credit union. We can do this by engaging our teams to define and commit to a culture that will make our credit union a great place to work and to do business, aligned to our values and progressive in its thinking. As you will read below, good culture is good for its people and its business - there is no downside to having a good culture.

## **3. Regulation**

Since the Financial Crash of 2008, culture within financial institutions has come under the microscope. "Cultural failings within the banking sector were a significant contributory factor in the financial crisis." (CBI, 2018) Regulators are now insisting that financial institutions encourage a culture that puts customers' interests first. The Financial Conduct Authority (FCA) and the Prudential Regulatory Authority (PRA), in the UK, and the Central Bank of Ireland are moving responsibility from a corporate model to the individual performing the task through the introduction of the Senior Managers' Regime (FCA, 2023b) and the Individual Accountability Framework (CBI, 2023b). This puts the spotlight on the culture within a credit union. Individual actions and embedded culture are now becoming very important. Irish credit unions are beginning to see that PRISM visit results now include requirements to undertake purpose, culture and values workshops with the board, management and staff to align on the core purpose, values and culture of their credit union.

In the UK on 1<sup>st</sup> July 2023, the FCA implemented new Consumer Duty guidelines. Their purpose is to introduce

*"a more outcomes approach to consumer protection and set higher expectations for the standard of care that firms give to customers". (FCAa, 2023)*

In Canada, the Financial Regulator OSFI (the Office of the Superintendent of Financial Institutions), issued a Guidance Note on Culture in March 2023 which

*“sets principles-based expectations for [federally regulated financial institutions] to oversee their culture and assess the impact of behavioural patterns to effectively manage the associated risks.” (OSFI, 2023)*

Regulators are increasingly placing more importance on culture because they have seen the impact it can have on a financial institution's success and sustainability. Being proactive in your culture can help leaders manage these new regulatory expectations.

#### **4. What can a good culture do for your credit union?**

Forbes defines good culture as “a company that experiences low staff turnover and high employee motivation (or productivity)”. (Forbes, 2021) There are many advantages to good culture in an organisation. A few of them are:

**Recruitment:** Your staff should be your best advocates when it comes to hiring new employees. Stephen M R Covey states: “The most impactful way to attract, retain and inspire the best people is through culture”. (Covey, 2022) It is a competitive advantage if your employees are encouraging their friends and family to join your team because your credit union is a great place to work. Similarly, if your members get the feeling that your credit union is a good place to work, they will promote that message in your community and create recruitment opportunities.

**Retention:** Retaining good staff is good for business. In an article in Forbes in March 2023, TH Herbert suggests a positive workplace culture helps with employee retention (Forbes, 2023). The cost of hiring and training new employees can be quite considerable and especially if you add in the time and resources it takes to fully train them. Retaining good staff also creates consistency, not just internally but also with your members. Consistency in your employees is necessary to build trusting relationships with members such that they are more loyal to your credit union.

**Productivity:** Contented employees are more engaged and productive and more supportive of their teams. They see opportunity for development and growth, and this leads to a more successful credit union. Employees who understand and believe in your credit union values, and feel part of a team, are more likely to go above and beyond in their work. A good team is better than the sum of its individuals, getting better results.

**Progressive:** Team members who support one another are better able to deal with change because they do not feel so isolated and vulnerable. In such a culture where trust exists, questions and respectful challenge are welcomed, decisions are more considered, and team members are increasingly bought-in to the results. Patrick Lencioni, in his book, the *Five Dysfunctions of a Team* suggests that “trust is the building block that success is built on”. (Lencioni, 2002) In this atmosphere employees are likely to learn more readily and be happier to take on new roles and new tasks. There is no downside to good culture.

## **5. How do you build a culture?**

To recap on what I said above; firstly, culture is about behaviours; 'how we do things around here and how we expect them to be done'. Introducing or changing culture is about clearly defining and encouraging certain behaviours and actions. You may need to introduce a totally new culture depending on what you are seeing and hearing around you. If you have a positive culture as a starting point, you may simply want to tweak and ensure alignment throughout the organisation. Like all change, it comes about with intention, patience, and perseverance. It will not happen on its own. If you are the CEO, you need to be the driver. If you are the People and or Culture Officer you need to have the support of your CEO, otherwise your journey, while not impossible, will take a lot longer to complete.

## **6. Identify your credit union's values**

I suggest starting with your values as they are the 'DNA' of an organisation. They are the way we work internally, and, like culture, they are there, whether we have identified them, or not. Values are the context around which we make decisions and determine critical aspects of our business like if we prioritize profit over people, speed over care, individual interest over the organisation's interests, etc. It is also how we treat people - employees and members - with honesty, integrity, respectfully, holding each other accountable.

Involving your team in identifying your credit union's values is an important step. This should be a unifying exercise as everyone, hopefully, sees that they share a similar set of values and, maybe, have more in common than they thought. This is especially true if your credit union has been through a merger process and there are some lingering doubts among employees. These values create a solid base that culture principles can be built on.

## **7. Create Culture Principles**

Once your team has identified its values, then it should be able to create a set of culture principles, aligned to those values that will help to define their day-to-day actions. Again, if your team are involved in creating these culture principles, they understand the context around these principles and will have a greater commitment to making them work.

I suggest, where possible, an in-person workshop format suits best as people have a better chance to interact and understand one another. The principles should be no more than six in number and should be positive statements, starting with "We will...". With larger groups, I suggest smaller workgroups where each person can be involved, then feeding back to the larger group. It is important that as many people as possible feel heard.

## 8. Identify actions to match the principles

I said earlier that culture is defined as 'the way we do things around here' which indicates that culture is more than just words, it is actions. The next exercise is to get your team to identify at least three actions that bring your culture principles to life. This creates a sense of reality about the culture principles and gives you something to measure so you can gauge if your culture efforts are working.

If, for instance, one of our principles is: "We will give excellent member service", then accompanying actions might be:

- we will always answer the phone in less than three rings,
- we will give our members full attention when they enter our offices,
- we will ensure we know our products so we can better inform our members.
- we will make their digital experience as seamless as possible.

These then become measurable and learnable positive actions.

## 9. How do we influence culture change?

Now we have identified our values, created culture principles, and identified actions that bring these principles to life. Having made that progress how do we imbed, influence, and support this new culture? Thomas Crane in his book *The Heart of Coaching* (Crane, 2017) suggests that to influence culture change we need to 'systemise' it. We do this by being intentional and consistent in our actions, especially in the following areas:

**Speaking about it:** When you have a staff meeting, have culture as an agenda item. If you have an internal newsletter or social platform, ensure that your principles are regularly mentioned and discussed. Create stories about how your culture has helped your members and your team. Be positive about it.

**Recruitment:** Hiring with cultural fit in mind is critical in the recruitment process. Talk about and assess an applicant's alignment to your values and culture when you recruit new people. Mention culture in your advertisements and in your interview and selection process. Hire for attitude, train for skills!! Bill Walsh, the NFL San Francisco 49ers most successful coach says; "Good talent with bad attitude equals bad talent". (Walsh, Walsh and Jamison, 2009)

**Onboarding:** Does onboarding in your credit union only includes activities like how to use your core system, doing transactions, opening accounts, etc.? These are necessary to do one's job, but it is also important to talk about your values and expectations; how new people are expected to work with the team and how they will be supported by you and your team. Explain what your culture principles mean and how they define the actions and interactions of staff members on a daily basis.

**Probation:** When employees have completed their probationary period, do you take time to look at how they have matched up in the area of culture? Have they gelled with the team? Are there any warning signs? As mentioned, it is

costly to fully train an employee and they are more likely to stay long term and be productive if they fit with your culture.

**Measurement:** It is important to remember 'what gets measured gets done'. The actions that support your culture principles are measurable. All employees should know what your expectations are, and your managers should note when employees meet these expectations and when they fall short. These observations should be regularly shared with employees. Culture should form part of all employee reviews, whether these are annually or more often. These actions make the culture actions more relevant for employees. Regular staff and member surveys that concentrate on the behaviours that you expect will help with the measurement process. 1872° Culture ([1872culture.com](http://1872culture.com)) is an example of a platform that captures member, staff and board metrics on values, behaviours and standards. This allows credit unions to benchmark their performance year-on-year.

**Sanction and Reward:** In culture terms; 'what you tolerate, you get', and nothing emphasises intention more than taking actions in support of your expectations in this area. On a positive side, have your leadership catch someone doing something good and call them out on it. A word of praise encourages good behaviours. When you see employees not meeting expectations, you need to act. Employees at all levels need to see that you are serious about your culture and willing to act to support it. Great teams who value their culture are often seen to sanction players who break protocol or don't meet their expectations. The All-Blacks rugby team are notable in this area. Their success is often said to be founded on their culture and for enforcing their culture code within their team.

## 10. Does it take long to create and/or change a culture?

While usually a culture builds up over time, culture can shift quickly. If you are a new or current leader, you can quickly change your credit union's culture if you are willing to define it and take actions to support that change. You need to embrace the process - initially involve your leadership team, and then your whole team. With intention and consistency, you will gain the desired change. You can expect that you may lose some employees along the way who are not supportive or comfortable with the change. This weeding out of non-conformers is sometimes a necessary and positive outcome and accelerates the change process and should not be feared.

## 11. Conclusion

There is great value to being intentional about your culture including defining, measuring, and living up to your culture. I encourage you to be bold, start from where you are, involve your employees, identify your values as an organisation, measure where you are and continually encourage feedback. With the help of your team, agree principles and actions, then; act, measure and review, act and measure and review, rinse and repeat!! Culture is a journey and like any journey, you must start from where

you are and decide where you want to go. Culture is not a 'one and done' event; it is something that can be worked on, measured, and improved upon. It is a series of daily actions that reflect your attitude, your determination, and leadership. Like all good journeys it should be accompanied by a good 'playlist' and a decent amount of fun that make the journey seem shorter and enjoyable. Expect some scepticism at the start, and especially if you have not had these conversations before. Consistency and determination will outlast scepticism. Enjoy the journey.

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