

**No Study, No Credit Union:
An Irish perspective on education and training in credit unions**

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Abstract

Education and training are essential elements of co-operative practice embodied within the co-operative principles. A problem common to many types of co-operative is that the level of commitment shown towards education and training can be weak at best, and often diminishes as they become more established and as the size of the membership and scale of operations grow. This leads to many difficulties, and for some, eventual demutualisation.

The motto 'no study, no credit union', first coined by the founders of the Irish credit union movement, is indicative of the fundamental importance of education and training to Irish credit unions. This paper reports on a study of the level of commitment shown by well-established Irish credit unions to the education and training of credit union activists (including both staff and volunteers). It shows that the commitment of a credit union to education and training does not always diminish over time but that its focus often changes in response to changing needs.

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Introduction

Education, whether of a formal or informal nature, is generally seen as a fundamental element in the development of the individual and of society. This was recognised by the early philosophers (both Eastern and Western) who viewed education as a “*significant medium which takes an imperfect human being closer to perfection and to a meaningful existence*” Jeong-Kyu Lee (2001:161). Later educational theorists, such as Freire (1972, 1985) and Mezirow (1991), saw education as a primary force for independence and freedom of the individual and, in turn, of society. The early co-operative thinkers (such as Thompson, Owen, and the Rochdale pioneers) recognised the transformative and emancipatory nature of education well before educational theorists started to write about it in these terms. These, and later co-operative thinkers, viewed the purpose of co-operative education as being to raise the awareness of social and economic reality and of the individual’s ability, in communion with others, to change that reality for the better.

Education was at the heart of the formation of the Irish credit union movement. The motto ‘no study, no credit union’, first coined by the founders of the Irish credit union movement, is indicative of this. Is this clear recognition of the importance of training and education as strong in the Irish credit union movement today? At a movement level it would appear so. One manifestation of this has been the support and significant funding provided by the movement to University College Cork for the development of the Diploma in Credit Union Studies and the BSc in Mutual and Credit Union Business.

The focus of this paper is on the main *users* of credit union training and education, the credit unions. The paper starts with an introduction to the Irish credit union movement followed by a brief summary of the literature on the main concepts under discussion. The paper then presents the main findings of recent research into Irish credit union training and education and concludes with a general discussion of the key issues raised for credit unions and other co-operatives.

The Irish credit union movement – past and present context

The Irish credit union movement was founded in response to the difficult economic circumstances prevailing in Ireland of the 1950s. For many, access to credit was limited and often only available through moneylenders who charged exorbitant interest rates, the cause of much economic and social hardship.

The Irish movement is now the strongest credit union movement in Europe with about 50% of the Irish population holding membership. There are 535

credit unions with a total of 2.6 million members and €7.9 billion in assets (ILCU, 2001).

Although, the movement has experienced steady and consistent growth and success over the last forty years, McCarthy, Briscoe & Ward (2000:118) highlight a number of challenges and concerns for credit unions, such as an ageing membership, greater demands for a broader service, increasing competition and the need to be differentiated from other financial institutions. Credit unions are not proactively responding to many of these challenges and concerns and often appear to be unsure about their identity and role in contemporary society.

One of the primary factors contributing to this may be that credit unions have achieved their *raison d'être*, where lack of access to credit is not now as significant a problem as it was forty years ago, as most people now have access to mainstream credit. Within this context, there is a danger of losing relevancy and being seen as just another financial institution. This is a familiar pattern of development in co-operatives and often means the decline of the co-operative or its gradual conversion into a conventional business. If this is not to be the fate of Irish credit unions, they must reassert their position as a relevant and necessary part of Irish society.

How can training and education help credit unions in their re-invention? The organisational learning literature argues that if organisations are to transform and reinvent themselves, they must become active rather than passive learners. Sadler-Smith, Spicer and Chaston (2001:143) describe active and passive learning as follows:

- Passive orientation: lower level, adaptive and incremental
- Active orientation: higher level, generative and transformational

Adaptive learning can be described as coping and dealing with current environment in new and better ways, whereas generative learning is seen as moving beyond adaptation by developing new ways of looking at the world (Senge, cited in Sadler-Smith, Spicer and Chaston, 2001:143). Are credit unions adaptive or generative learners?

According to O'Connor, McCarthy and Ward (2002:79) the main driving force behind credit union development and innovation has been to increase the efficiency of their current service rather than meeting the changing needs of members in an innovative way. Thus, credit union development to date would indicate that they are adaptive learners. O'Connor, McCarthy and Ward pose the question;

“Rather than look at what banks and other financial institutions are doing, would credit unions’ interest be better served if they took time to identify what these financial institutions are not doing and at who they are excluding?” (O'Connor, McCarthy, Ward, 2002:79-80)

It could be said that adaptive development has worked well to date. However, three key issues arise; firstly, this form of development is based on the

assumption of continuous growth; secondly, it focuses on the current rather than the future environment and thirdly, it encourages credit unions to imitate rather than distinguish themselves from other financial institutions.

The question is – how will the credit union move from an adaptive/incremental to a generative/transformational approach? Such a shift will require a corresponding shift in culture. From the primary author's experience (AGMs(national and local), Chapter meeting and so on), credit union 'people' tend to be very defensive and resistant to any form of critical or reflective analysis. Such a lack of robust dialogue and debate creates a situation where credit union principles can become mere rhetoric and thus meaningless. To keep these principles alive requires open dialogue, analysis and debate. Our history books show us that once any system (state, movement or organisation) begins to discourage critical analysis, it has sealed its own demise.

Training and education will act as a central element in any shift in culture and learning orientation,. This study will present an overall picture of training and education in Irish credit unions. The focus of the study is the education of credit union activists rather than the general member. A brief introduction to the literature the main concepts under discussion follows;

Learning in organisations

Within an organisational context, training differs from education in that training is concerned with the operational aspects whereas, education is more concerned with the strategic development of organisations and the personal development of its people. Both are essential to credit unions. Training and education should produce two forms of learning – individual learning and organisational learning. We will give a brief discussion of both below.

There are different types of individual learning. Mezirow (1991) discusses three types of learning that are based on Habermas's (1971) work:

Instrumental learning which involves the gaining of technical knowledge. Examples from credit unions could include learning how to use computers, technical aspects of counter work, credit control procedures, loan procedures and so on. This form of learning will result in the acquisition of 'technical skills' (Katz, 1974).

Communicative learning which involves the gaining of social and human relations knowledge. This type of knowledge is sometimes more commonly known as 'people skills', such as communication, negotiation, management and so on. This results in the acquisition of 'human skills' (Katz, 1974).

Emancipatory learning which engages in critical self-reflection of our assumptions and beliefs in relation to ourselves and the world around us. This type of learning is 'transformative' in nature with the potential to act as a "*means by which men and women deal critically and creatively with reality and*

discover how to participate in the transformation of their world" (Friere, cited in Mayo, 1995:16).

Adult and community education focuses on, or at least aspires towards, emancipatory learning whereas organisational training and education tradition tends to focus on instrumental and communicative learning (Tight, 2000). However, within the literature, there is some emphasis on emancipatory type learning, though it would seem to be more concerned with the emancipation or transformation of the organisation rather than any societal transformation. In the literature, such learning is referred to as conceptual or systems thinking. Katz (1974) indicates that conceptual skills are 'the why' of the things we do. Kim (1993:38) in a similar vein compares conceptual and operational learning where he refers to the former as 'know-why' and the latter as 'know-how'. With regard to systems thinking, Senge (1990:68) views it as a discipline for seeing wholes. The premise of a systems approach is that events within a system are connected and when changes are made to elements of that system, there are consequences and impacts for the rest of the system. Thus, a systems thinker has the ability to see the detail and the 'big picture' simultaneously.

However, systems thinking has been criticised as being too narrow in its focus, where it is based on an organisational rather than a societal framework (Panagiotidis & Edwards, 2001:135). Therefore, in the context of co-operative organisations, while a systems thinking approach is useful, it should be used within an emancipatory learning framework. Thus, let us now return to the broader approach of emancipatory learning.

It could be said that credit unions arose out of emancipatory learning, where the people within a community recognised the injustice and suffering caused by the lack of a fair financial system. They saw that this was not going to change and decided to solve the problem for themselves. Has this form of learning faded to some extent within Irish credit unions and within the Irish movement itself? From superficial observation, it would appear so. One indication of this is that credit unions do not appear to have a clear purpose or direction at the present time.

If credit unions are to create a vision for the future, credit union learning must not only be emancipatory, it must also become collective in nature. There are three problems with learning being confined only to the individual. The first of these is that if the individual leaves the organisation, so also does their knowledge. Secondly, if learning is only confined to individuals and is not shared, organisations are less intelligent than they might otherwise be. According to Senge (1990:238) and others, collective thinking can be more intelligent and insightful than individual thinking. To illustrate his point, he cites Heisenberg, a famous scientist, who states that many of the theories of the great scientists (Pauli, Einstein, Bohr and others) arose out of collective thinking thorough the medium of conversations. Thirdly, organisations are collective in nature and in order to effect change, even minor change, requires the co-operation and understanding of many people.

Therefore, if organisations are to protect and develop their knowledge base, maximise their intelligence and transform themselves they need to encourage and support collective learning. Collective learning is not a new concept for credit unions: they were formed on this basis through a study group¹. Some writers view collective or organisational learning as a panacea for the transformation and survival of organisations within an increasingly competitive marketplace.

Credit unions need to encourage all three types of learning, namely *instrumental*, *communicative* and *emancipatory*. However, within the current and future uncertain environment, Irish credit unions need to focus particularly on emancipatory learning and the building of conceptual and systems thinking skills. They must also ensure that learning is not only confined to a number of individuals but should maximise the learning of their whole organisation.

The research

The research is based on interviews with over 800 credit union activists (both staff and volunteers)² in relation to their experiences and perceptions of credit union training and education³. These interviews were carried out by the students of the Diploma in Credit Union Studies as part of their final year dissertation. This research was collated into a recent report produced by the Centre for Co-operative Studies, UCC⁴. The report presents an overview of training and education in Irish credit unions rather than an in-depth analysis. Some of the main findings are presented in the next section.

The findings

The study examines the perceived skills of credit union activists, the level of participation in and the type of training and education currently provided and that desired for the future. Motivation to participate in training and education is also explored. The presentation of the findings concludes with a discussion of collective learning in credit unions.

¹ Prior to formation, credit unions must set up a study group. This group has to rationalise the need for a credit union and then study for the practical setting up and running of the organisation. A similar idea, called 'Study Circles' forms an important part of co-operative formation and civil society developments in Finland (Briscoe & Ward, 2000).

² Credit unions are run by a voluntary board of directors which is responsible for the strategic development of the credit union, together with various sub-committees. A paid manager and staff deal with the day-to-day running of the credit union.

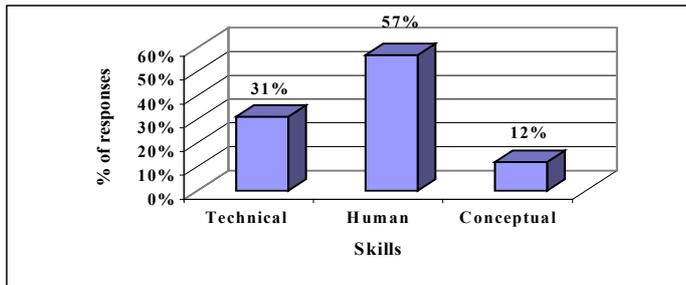
³ Training and education in this study means any training or education that is provided for credit unions. This may be specifically related to credit unions or it may be more general in nature, for example, presentation skills.

⁴ Byrne N., O. McCarthy & M. Ward, *Training and Education in Irish Credit Unions*, Centre for Co-operative Studies, UCC, 2002

Skills

The skills level of the interviewees was examined using Katz's (1974) classification, (discussed earlier). The results are presented in figure 1.

Figure 1 Skill type in the credit union



From this we can see that the skills of the interviewees are spread across the three levels (technical, human and conceptual) with the highest level of skill arising in the technical (31%) and human (57%) areas. It is not surprising that human skills are high in credit unions, as the nature of the work itself encourages and develops this type of skill. For many, especially at volunteer level, the democratic nature of the work is not familiar to them at first, resulting in a sharp learning curve in the early years of involvement. Perhaps, it is also not surprising that conceptual skills (12%) are low in credit unions. Irish credit unions have operated in a relatively stable environment for the past two decades or so and such stability does not encourage people to think in a conceptual way. However, the future environment in which credit unions will have to operate will be far more uncertain. Within such a context, credit unions need to improve their conceptual skills to a higher level, similar to the existing levels of social and human skills.

Level of participation

The research also examined the level of participation in credit union training and education by those interviewed. It was found that 57% of interviewees rarely, if ever, participate in training and education. However 43% attend training and education at least once a year. It should be highlighted that credit unions, with regard to the level of training and education, far surpass other co-operative movements in Ireland and also most other collective organisations such as political parties, trade union movements, farmers' organisations and so on.

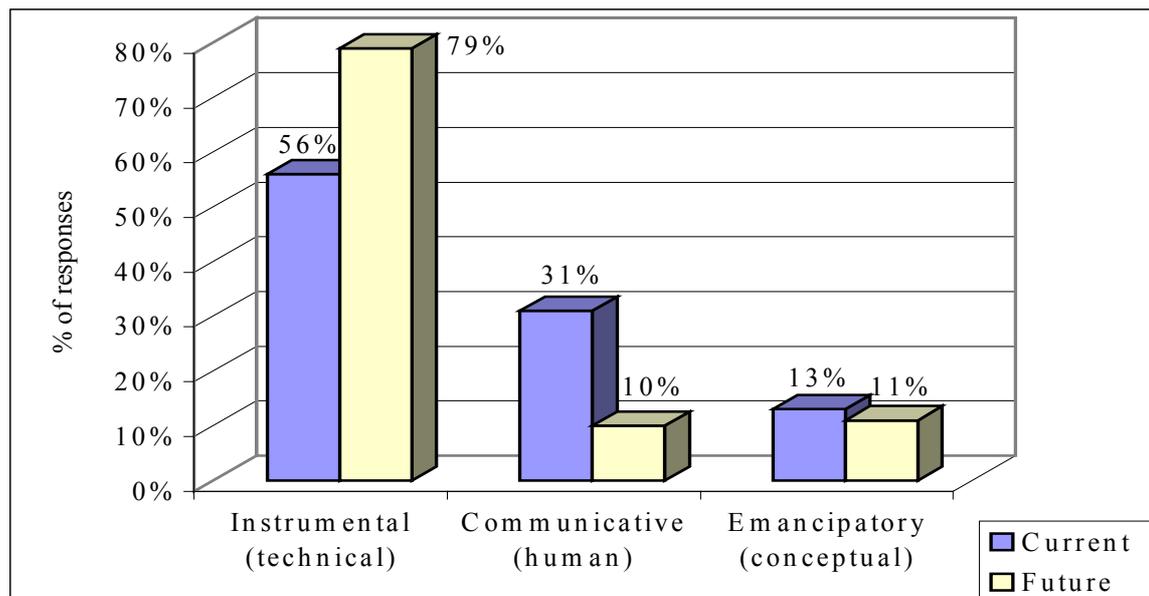
Type of training and education

The type of training and education participated in was examined using Mezirow's (1991) learning domains (*instrumental, communicative and emancipatory*) which were discussed earlier in the paper.

It was found that the majority (over 87%) of training and education courses undertaken by credit union activists are contributors to instrumental and communicative forms of learning. The only credit union training and education which was found to contribute primarily to all three is the Diploma in Credit Union Studies and the BSc in Mutual and Credit Union Business (offered by University College Cork), and possibly any strategy courses (these comprise of only 13% of training and education attended by the interviewees in this study).

When the future type of training and education desired by the interviewees is compared with that actually attended we can see that requests for training and education which build technical skills are increasing (56% to 79%) whereas, those relating to human (10% down from 31%) and conceptual skills (11% down from 13%) are decreasing. This is presented diagrammatically in figure 2.

Figure 2 Comparison of future desired training and education against that currently attended



This does not bode well for credit unions. The primary problem is that credit unions are operating within an unstable and changing environment⁵. If this environment were stable, then credit unions could continue to develop along their current course and slowly evolve. This has been the method of development to date. Within a changing environment context, it is not enough to slowly evolve. Organisations must constantly evaluate everything they do, the outside environment and the role of the organisation within that

⁵ Some of the factors contributing to this are increasing competition from banks and building societies and also from new and potential credit providers. The regulatory environment is also changing and the competitive position of credit unions in the marketplace, is not only being questioned by competitors but also by national and EU legislators.

environment. This process of reinvention will not come from the development of technical skills alone. Human skills (to bring people along) and conceptual skills (for reinvention) are crucial. This does not mean that technical skills are not necessary. But on a strategic level the technical needs of credit unions should not be viewed as important in themselves but only in relation to the long term sustainable growth of credit unions. Thus, it could be concluded that for the long term development of credit unions, there must be an increase in the human and conceptual skills base and not a decrease as figure 2 has indicated to be true.

Motivation Factors

The central motivating factor for volunteers in undertaking credit union training and education is their interest in the ethos and philosophy of the credit union. For staff, it also acts as a motivating factor but only after basic employee rights (satisfactory pay, work condition and so on) have been met⁶. At the centre of almost any discussion on organisational learning is the role of a strong and inspiring organisational vision. Therefore, if credit unions are to motivate their activists to partake in real learning, they must communicate a clear vision of what the credit union is, how it defines its role in contemporary society and how it views its future direction.

When the future and past motivation factors are compared it was found that certain motivators have increased in importance (local accessibility, career development, quality and relevance). This indicates that people are busier and want higher quality and more relevant courses. The main factor which has decreased in importance is interest in the credit union ethos and philosophy (down from 34% to 22%). This is a worrying factor for an organisation like a credit union, which is very much dependent on volunteers. As Sherry (1994) asserts, it is up to credit unions to inspire their activists to work and commit themselves to the organisation and to participate in training and education. He noted that the primary way of inspiring credit union activists is instilling in them the philosophy of credit unions.

Collective learning in the credit union

As was indicated earlier, credit unions were formed on the basis of collective learning. However this type of learning appears to have faded to some extent in credit unions. One indication of this is that many of the interviewees complained about the limited sharing of knowledge and learning in credit unions. It was felt that those who attend courses do not share the information with others in the credit union. Many saw this as unfortunate because knowledge gained and not shared will have little impact on credit union operations or policy. In this situation, learning may be taking place at the individual level but not at the collective level. Such learning tends not to be

⁶ The lack of encouragement and recognition from credit unions was a dominant theme throughout the study. If credit unions want their activists to take part in training and education, they must support them to do so. This recognition and support can come in many forms such as financial incentives, promotion, increased responsibility, involvement in strategy design and implementation and so on.

applied, as credit unions like all organisations, are collective in nature and change of any kind requires the co-operation of many people.

A significant number of interviewees (13%) thought that the credit union should use *workshops* or the former *study group* method as a future means of training and education delivery. The study group concept could provide a vehicle for the sharing of knowledge and collective learning. Perhaps, the credit union movement should seriously consider re-introducing the study group concept for established credit unions. The study group could be as fundamental to the transformation of Irish credit unions as it was to their development in the founding years.

Discussion and conclusions

The findings indicate that Irish credit unions are still committed to training and education. However, there would appear to be a greater focus on the technical and operational aspects of the organisation. As was indicated earlier, credit unions are facing into an uncertain future. While they react to short and medium term issues, they appear to have less focus on the creation of a long-term vision for themselves or society.

What is the role of education in helping organisations to create that vision which ensures their long-term survival? Nora Herlihy (cited in Culloty 1990), a founder of the Irish credit union movement, felt that education had a central role to play. She was concerned about the reducing commitment to education in Irish co-operatives and felt that there was a danger that this would limit the resources of these organisations to form their vision. This research has indicated that credit unions are limiting the resources (emancipatory and collective learning) necessary for the credit union to form a true and inspiring vision for themselves and for future society.

All co-operatives, and not just credit unions, need to return to their emancipatory and collective learning roots. At the heart of this learning is thinking beyond the organisation and having a vision for a future society and then setting out to achieve that vision or at least contributing to it. There are many national and international groups that are genuinely working towards a better future society. However, many types of co-operatives do not appear to take part in these dialogues. This would not have been true in the earlier years of co-operation. Co-operatives should, along with other groups, be at the heart of any dialogue on the vision for a better society. Co-operatives are valuable contributors to such a debate – they are self-help organisations, work on the ground, have access to a huge percentage of the population, have credibility and have real power because of their dual social and economic role.

Co-operatives should not take on the concepts of emancipatory and collective learning and attempt to apply them without changing anything else in their organisations. These concepts would quickly become stale with little meaning and impact. Co-operatives must first start by opening up a real debate about who they are, what their purpose and role is in contemporary society, what

their vision is for a better society and how they can contribute to it. In their search for answers to these questions, they must enter into dialogue with other groups who are working towards a better society and, from this, true emancipatory and collective learning will follow.

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