



**HANDBOOK**

**ON**

**SOCIAL**

**RESPONSIBILITY**

**FOR**

**CREDIT UNIONS**

**Revised 12/98**

This handbook was originally produced under the direction of the Committee on Social Matters in May 1985. Revised in December 1995 by CUNA Public Relations and Credit Union Development. Revised in December 1998 by CUNA Advertising and Promotions.

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## **EXECUTIVE SUMMARY**

Credit unions were never envisioned as simply another financial institution. They were seen as forces for social and economic progress and as a way "to demonstrate the practicality of the brotherhood of man." This handbook, originally produced under the direction of the CUNA Committee on Social Matters, examines the need for demonstrating that commitment to social responsibility in today's environment and suggests ways credit unions (and all credit union organizations, including leagues and CUNA) can translate their good intentions into action.

The credit union movement is a social movement, and social involvement is part of credit union philosophy and operating principles. Social concern for our neighbors is merely an extension of the philosophy of financial concern for them. Credit unions also owe a certain debt to the communities that provide them with a place to carry on their business. Without families, employees, members and potential members, the credit union could not exist. The investment in social programs also is returned many times over in terms of increased awareness, positive image and the respect of influential leaders within the community.

Credit unions must begin an accounting of social responsibilities by examining their own operations. The credit union's programs and policies should reflect a concern for human values. Then an audit of current involvement in community affairs should be conducted. Credit unions also must assess the current needs of the community by gathering information on what financial, human, and other resources are committed to dealing with specific needs and how well the community is meeting its needs.

Once the information is gathered and analyzed, the credit union will have identified where there are serious gaps in meeting the community's needs, and what organizations, if any, are trying to deal with them. The next step is to select the community need that the credit union wants to tackle, develop a plan on how the credit union can help, and begin to work with other organizations in solving the problem. Credit unions should develop a written policy statement, determine the objectives, and formulate an action plan. The plan should include ways to get visibility and credit for the social responsibility programs. Ideas for specific programs and ways to publicize them are included in this handbook. A model policy on social responsibility developed by CUNA's Social Responsibility Committee is included in the appendix.

Credit unions can find many opportunities for effective community relation's activities. Seizing these opportunities will benefit all -- the credit union, its members and the community at large.

## INTRODUCTION

U.S. credit union pioneers and founders never saw credit unions as simply another kind of financial institution. To them, credit unions were more than cooperative, democratically controlled banks owned by the people.

They saw credit unions as forces for social and economic progress, for the betterment of mankind, and a way "to demonstrate the practicality of the brotherhood of man."

To them, there were hardly any social ills that credit unions could not help alleviate (if not cure) from stamping out loan sharking to helping eliminate poverty to being a bulwark against Communism. Credit union pioneer Roy F. Bergengren saw an international credit union movement as worldwide force that would eradicate war.

*. . . if we can perfect our political democracy and purify it, if we can bolster it with economic democracy, if we can open our arms wide to share what we have in such abundance with the bewildered peoples of so many parts of the world, now plunged in despair, if we can do it soon enough--then there may emerge from the welter of misunderstanding and unhappiness in the world, a new and finer civilization which will make life worth living for mankind everywhere, meeting that challenge, we have nothing to fear from any other ideology on earth.*

*To that end, we, as credit unionists, who know the meaning of brotherhood, must make our full contribution . . .*

Roy F. Bergengren  
October 25, 1947

*What words do I find, coming from these great founders of the Credit Union movement [Schulze-Delitzsch, Raiffeisen, Desjardins, Filene, Coady]? 'Character'--'brotherly love'--'educational and moral influence'--'social duty' -- 'high social ideals' -- 'union not struggle' -- 'responsibility' -- 'self-help' -- 'wealth controlled democratically for service' -- 'responsibility'; again and again in their thinking 'faith in ourselves' -- again and again in what these great men told us -- 'the improvement of society as it is' -- 'immortality' -- 'eternal rightness.' These are fine words, words to inspire us to struggle always, not so much for greater wealth but for a greater economic morality for the whole human race. With such words a decent, a permanent, a democratic, war-proof civilization can be built.*

Roy F. Bergengren  
April 2, 1949

These inspiring and lofty ideals helped motivate generations of credit union people: members, volunteers, managers and staff at all levels of the movement. The credit unions' ideals helped set them clearly apart from banks, finance companies and other vendors between the early 1900s and into the 1970s. The need to emphasize the essential differences between credit unions and other providers of financial services received renewed attention in the late 1970s and early 1980s, partly as a result of increased competition from others, partly as a result of regulatory and legislative changes that tended to blur the distinctions between depository institutions, and partly as a result of changes that were detected in public attitude toward credit unions.

Starting in the early 1980s, credit union leaders began to stress with renewed fervor the cooperative structure and democratic nature of credit unions. Efforts were made to strengthen credit union ties with both producer and consumer cooperatives. And there was a rekindling of interest in credit union movements in other nations as evidenced by study tours to Europe, Australia, Asia; formation of the CUNA Foundation (now the Credit Union Foundation); and the development of business ties with central cooperative banks in nations such as West Germany, Canada, the Netherlands and Austria.

This handbook, originally produced under the direction of CUNA's Committee on Social Matters, is part of this renewed concern about and interest in the underpinnings -- history and philosophy -- of the credit union movement.

### **Social Responsibility: What is it?**

Credit unions can't survive, as financial institutions, on philosophy alone. If credit unions are to thrive, they must meet their members' needs and be able to develop new kinds of products and services as competitive forces and member requirements demand.

But can credit unions survive, as credit unions, if their leaders, their members, the public, and others, see them only as another type of financial institution?

Just as people shape themselves into their self-image so are institutions shaped by the vision of their leaders. If credit union leaders see themselves only as managers of a financial institutions, that is all credit unions will be. Or they can see themselves as people who help shape and direct a social and economic force that seeks to improve people's lives through the credit union. How they view the credit union will be expressed in many ways, including their efforts to meet the institution's social responsibility.

Credit union leaders are not the only corporate leaders that recognize that the organizations they guide have duties and obligations to society. Social commentators, academicians, and business leaders have strived to define for themselves and for the public at large the basic requirements of corporate social responsibility.

Those basic requirements include:

- Ensuring that the products and services fulfill their promises to the consumer. In the 1960s, President John F. Kennedy stated that consumers have four rights that are now well accepted standards in the marketplace: 1) The right to be heard 2) the right to safety 3) the right to be informed and 4) the right to choose.

At minimum, credit unions need to be sure they meet these basic consumer requirements. Thoughtful leaders also will ask whether the product or service is beneficial to the individual and to society.

- Ensuring that the organization treats its employees fairly and provides them with equal opportunities of pay and personal development.
- Ensuring that the institution plays a constructive and active role in improving the community and its environment through its own efforts and by supporting and encouraging action by others. The community needs to be defined as broadly as possible to include members, potential members, other organizations in the local area, as well as other credit unions.

Social responsibility, then, should be seen as going beyond, say, making a contribution to a local charity and telling the local newspapers about it. Social responsibility is not so narrow or self-serving as that. The rest of this report offers specific ideas on why social responsibility activities are important to credit unions and what credit union organizations at all levels can do to fulfill their obligations.

But credit union leaders should make more demands of their institutions and themselves simply because credit unions are fundamentally unlike profit-oriented corporations. Credit unions, like other organizations, have no inherent right to exist. They must prove their right to exist, day by day, as financial institutions by fulfilling the needs of their members and by meeting their social

obligations to the community. But credit unions also must prove themselves as visionary forces of change if they are to prove their right to exist as credit unions.

Social responsibility isn't something that happens outside the organization. Credit union leaders need to believe that everything the credit union does fulfills its social responsibility. Increasingly, bankers and others criticize credit unions for their exemption from the Community Reinvestment Act. And increasingly, credit unions will be called upon to prove that by serving their members they are serving their communities. Credit unions must examine their practices:

The credit union encourages people to save. How does this benefit the individual and the group? Is the return better than what members could get elsewhere? If not, what other factors justify the credit union's existence? Is the credit union making good use of these funds? To what use are they put? Who are they helping? Other members? The local community? Other credit unions, particularly those that serve low-income groups? Or other financial institutions? How are the funds being used?

The credit union makes loans. How do the individual and the group benefit? Are the rates and terms better than what is available from other lenders? If not, what other factors justify the credit union's existence? How does the community benefit from these loans?

The credit union offers other services. What are their social benefits, to the individual, the membership as a whole, the community? Are the members, on the whole, improving their skills in personal money management and as careful consumers? What has the credit union done to help educate and inform the members?

There are no simple guides to answering these kinds of questions. But a credit union's volunteers and management need to begin answering them and develop ways to measure the credit union's progress.

This handbook represents a starting point. It outlines the importance of social involvement and suggests ways credit unions can translate their ideals into action. But it's only a starting point. A deep commitment to the goals and purposes laid out by credit union leaders during the past 75 years and more must always be maintained and demonstrated.

## CHAPTER I

### Why is Social Responsibility Important to Credit Unions?

Over the past several years, the private sector has been asked to bear a greater share of the responsibility for America's social programs and priorities. When this idea was first presented to corporate America, it provoked much criticism by both business executives and economists. The business of business, they contended, was to earn a fair return for investors and to pay a fair wage to employees, and nothing more.

Credit union people knew better. For more than a century, the credit union has been much more than just a financial institution. Credit unions got their start as a response to the problems of human need, first in rural Germany and later in America. Through the years, the credit union movement has focused its energy upon the financial health and well being of its members. The credit union movement is a social movement. As such, it should be sensitive and equal to the task of greater social commitment within its official family, its community and its society. By definition, the credit union should focus outward on the welfare of its members and, by extension, the welfare of its community.

Social involvement is part of credit union philosophy and operating principles. The leaders of the credit union movement have always stressed the human concerns of the credit union above all else. Roy Bergengren said: ". . . the primary purpose of the credit union is to prove, in modest measure, the practicality of the brotherhood of man." And Edward A. Filene: "I believe the world's greatest progressive force lies in work done under just and proper conditions." And Tom Doig: "The credit union movement offers us an opportunity to do something for the well-being of our fellow man. It is not and was never intended to be a self-interest movement looking toward personal gains and interested in high dividends or large profits for a few. It is the efforts of the masses of people looking toward better relationships with our fellow man and deeper interest in his well-being."

Policy statements also have addressed this important facet of credit union belief. The Credit Union Code of Ethics declares that the credit union has several responsibilities to the society in which it operates:

"(1) To participate in community affairs as a responsible member of the society in which the credit union is a part.

"(2) To support and participate in programs which favorably affect the society, citizens and communities served by the credit union and to the fullest extent possible, seek solutions to its social problems and concerns.

"(3) To make credit union membership available to as many people as possible."

The Statement of Credit Union Operating Principles also addresses the issue of social responsibility: "Continuing the ideals and beliefs of cooperative pioneers, credit unions seek to bring about human and social development. Their vision of social justice extends both to the individual members and to the larger community in which they work and reside. The credit union ideal is to extend service to all who need and can use it. Every person is either a member or a potential member and appropriately part of the credit union sphere of interest and concern. Decisions should be taken with full regard for the interests of the broader community within which the credit union and its members reside."

Credit unions are also a part of the cooperative movement, and the principles of the cooperative movement are intimately bound to the notion of people helping people. Community service is a simple, yet effective way in which credit union people can practice these principles.

Finally, credit unions have always depended upon the work of volunteers to achieve their goals. The volunteer is a cornerstone of the credit union movement, and community service is an extension of the volunteer principle.

As an integral part of the community, credit unions owe something to the community. The credit union does not exist in a vacuum. It is part of the larger community and as such it reaps certain benefits. Organizations cannot exist without a community of people, and therefore they have a responsibility to return something to the community. Only with this kind of participation on the part of its various components can the community grow and prosper.

Everyone connected with the credit union is a part of the community: its members, its potential members, its employees, its sponsoring organization, its board of directors and committees. The credit union owes something to each of these to try to make the community a better place to live.

Credit unions, along with other businesses, are required to observe equal opportunity employment practices, contribute to various social programs such as unemployment insurance and conform to laws such as Equal Credit Opportunity. These are minimum contributions. But good citizens go further in making a contribution to their community's well being.

Corporate responsibility touches all aspects of the organization. The credit union is responsible to its employees, with policies and programs in place that compensate them fairly, give them opportunity for advancement, and surround them with working conditions that recognize their physical and psychological needs. At the same time, the credit union is responsible to its members for the quality of the products and services it provides to them. It must provide a safe place for investments and an adequate return on them. It must provide credit at a fair price.

Beyond these, the credit union must recognize community needs and do its part to meet them.

There is a legal foundation and a moral imperative for the involvement of credit unions and other organizations from the private sector in the affairs of our society. In addition, corporate self-interest is also involved.

Corporations are, under United States law, U.S. citizens and enjoy both the duties and privileges of citizenship. If we believe that none of us can prosper in an unhealthy society, it follows that every citizen, individual or business, should contribute toward the betterment of society. In the long run, this is a proposition of self-interest and is consistent with the credit union's duty to its members.

There is also a matter of need. The need for private contributions and corporate involvement continues to grow. Reductions in government funding have undermined the budget of colleges, hospitals, museums and other institutions. Profound changes are taking place in all areas of society that increase the need for funding.

Credit unions have the management, social sensitivity and monetary resources to make a contribution and they need to share in the responsibility for social programs. Direct dollar contributions are just one of the ways in which the credit union can make an impact on the community. In fact, giving money in and of itself is not enough. We also have to give of our time. Close, personal involvement of the credit union's employees and board in nonprofit community activities is the best demonstration of business citizenship. By loaning employees to nonprofit

organizations where their special talents are needed, or by granting time to employees for volunteer work, the credit union brings something more than money to the problem.

Management skills are, in the long run, more important than dollars as a contribution because they can help community organizations save many times the amount of money that could be contributed directly. Management capability in the areas of improved procedures, innovative operations and more effective communications within the community are of great value to most community organizations. Through more effective management, the cost of community social services can be controlled or even reduced and, at the same time, these services to individuals in the community can be improved and expanded.

Community involvement pays dividends to the credit union. Beyond the philanthropic aspects, the commitment to community activities pays off in tangible rewards. It not only builds awareness of the credit union within the community, it also builds a positive image of the organization as a good citizen, concerned with the needs of the people it hopes to serve in its business role. Increased awareness and positive image translate into increased growth potential for credit union services.

There is a competitive need for credit unions to maintain this visibility in the community as well. Banks and savings and loans traditionally have been intimately involved in community social activities and have reaped rewards in terms of community goodwill as a result of those efforts. Credit unions need to demonstrate that they share an interest in the community's overall welfare.

Social involvement also is an important tool in reaching the community's opinion leaders and decision makers. The support of these influential individuals is an important asset. During Operation Grassroots, for example, support from organizations such as the U.S. Conference of Mayors and from individuals such as the chief executive officers of major businesses strengthened credit unions' position.

Successful business does best in communities that are healthy, alive and secure. That means that business has to look beyond its basic economic function. To stay in business, the credit union has to generate income. To succeed in business, the credit union has to share some of that income for the public good.

In summary, social involvement is important to credit unions for several compelling reasons.

First and foremost, a concern for the community is a cornerstone of credit union philosophy. Social concern for our neighbors is merely an extension of the philosophy of financial concern for those neighbors, which has been articulated throughout our history.

Credit unions also owe a certain debt to the communities that provide them with a place in which to carry on their business. Without families, employees, members and potential members, the credit union could not exist.

Credit unions have a responsibility to share their financial and human resources with the people and organizations within the community that can benefit most from those resources. Management skills are at least as important as dollar contributions to the community's welfare.

Finally, there is an enlightened self-interest inherent in contributing time and talent to the communities in which credit unions operate. The investment in social programs is returned many times over in terms of increased awareness, positive image and the respect of influential leaders within the community.

As Albert Schweitzer said, "It is not enough to merely exist. It is not enough to say, 'I'm earning enough to live and support my family. I do my work well. I'm a good father. I'm a good husband. I'm a good churchgoer.'

"That's all very well. But you must do something more. Seek always to do some good somewhere. Every man has to seek in his own way to make his own self more noble and to realize his own true worth.

"You must give some time to your fellow man. Even if it is a little thing, do something for those who have need of a man's help, something for which you get no pay but the privilege of doing it. For remember, you don't live in a world all your own. Your brothers are here, too."

## CHAPTER II

### Start with Your Credit Union

Any accounting of your social responsibilities begins within your own operation. Are your policies and operating procedures fair to your members? Your staff? Your volunteers? Credit unions are organizations of people so human values are important. Use them to judge your credit union's programs and policies.

For example, are you an equal opportunity employer? Are career opportunities based on ability, regardless of gender, creed, color, age, etc.? Do you offer equal pay as well as equal opportunity?

Some guidelines -- and ones against which your practices should be reviewed periodically to make sure you are still in compliance -- include:

A code of ethics. (Copies may be available from your league.)

Truth-in-Lending

Equal Credit Opportunity

Equal Employment Opportunity

Fair Debt Collection Practices

The Americans with Disabilities Act

The Home Mortgage Disclosure Act

Truth in Savings

Does your credit union have a bill of rights spelling out goals for member service or expressing the role of democracy and cooperation in the credit union? Do your bylaws and/or mission statement express a commitment to member service, including member education? How *do you* communicate to members their unique position as constituents of a not-for-profit credit union?

Your credit union's commitment to its members, employees, and volunteers, and the community should be formalized to make sure it is a continuous process. Assign responsibility to one person, preferably someone at the management level. Such a move shows the commitment is strong, adds credibility to the program, and lends its authority. It also avoids confusion and duplication of efforts when one person has the ultimate responsibility; he or she becomes the single contact point. In small credit unions, the board president/chairman can appoint a social responsibility committee to perform the tasks involved.

And don't overlook the needs of some of your members. State Employees Credit Union in North Carolina, for example, provides its blind members with braille statements. Or if the credit union sponsor is facing difficult times, get involved in programs to help laid-off members. Gather food for baskets, sponsor classified ads to help them find new jobs, or work with area churches to relieve some of the hardships lay-offs cause.

Document any extraordinary efforts your credit union undertakes for an entry in the Louise Herring Philosophy in Action Program. While the Dora Maxwell Social Responsibility Program recognizes external activities, the Louise Herring Program honors credit unions that have done an outstanding job of demonstrating credit union philosophy in their internal operations.

### External Practices

Take stock of your current involvement in community affairs. It is probably bigger than you thought. For openers, survey your staff and volunteers. Develop a simple form for them to fill out. Ask what types of volunteer work they are currently involved in (name of organization, their title or role, how much time they spend in each activity, how long they've been involved, and why they're involved). Also find out what volunteer work they've done in the past.

Also ask them whether they would like to become involved in other volunteer activities and what their interests are. The credit union can play an important role in helping other non-profit agencies in the community find qualified help. And don't overlook your retirees. They are an excellent source of experience and knowledge. They have more time to devote to volunteer efforts and are well equipped to perform community service work.

You can encourage volunteers and staff to become active in community affairs by paying their dues in appropriate organizations and developing recognition programs to reward them. As an added inducement to staff, you can offer employees time off during working hours for such activities.

Awards, certificates of appreciation, board resolutions extolling the civic accomplishments of your staff and volunteers can be presented at the annual meeting. Credit Union Volunteer of the Month or Year awards provide regular reinforcement of the value of community participation.

The value to the credit union, of course, is that these efforts help keep the community healthy and alive, which provides an environment that helps the credit union thrive. If the community goes down hill, chances are the credit union will, too.

Your resources are limited; the demands are unlimited. So choose carefully the activities your credit union will get involved with and support.

You have to discover what your community's needs are. That doesn't mean you also have to start from scratch with your own exhaustive (and expensive) studies. Chances are such studies have been done by local government agencies, or private civic groups, service clubs, charitable organizations or other businesses have gathered data on a wide-range of community needs.

Check with such city government agencies as the mayor's office, planning board, school board, police and fire departments, parks and recreation department, zoning office, industry relations section, health and welfare agencies.

You might check private groups, such as the local Chamber of Commerce and other business groups, citizen action groups set up to deal with specific issues such as those dealing with consumer issues, the environment, alcohol and drug abuse, education and so on, service clubs (to find out why they selected to help specific causes in your community), community-wide church organizations, groups such as the NAACP, the Urban League, the local chapter of the National Organization for Women and others that represent minorities, associations representing the physically handicapped, or the mentally ill, or retarded citizens, and charitable organizations, including the United Way or other community-wide fundraising groups.

### **What Are You Looking For?**

Your search should be aimed at 1) discovering what financial, human and other resources already are committed to dealing with specific needs in your community and 2) gathering data on how well your community is meeting its needs. You are trying to get a handle on how good a place your community is to live in.

One way to go about your data gathering is draw up a two-column sheet. On the left-hand column, list specific quality points and in the right hand column a key indicator.

Your two-column list might look something like this to begin with:

<u>Quality of life</u>	<u>Indicator</u>
Unemployment	% of local labor force: State, national average:
Income	Per capita local: State, national:
Poverty	% families at or under poverty level: State, national:
Health	Infant mortality per 1000 births: State, national:

Your list also might include such other indices as mental health, air pollution, crime, traffic safety, racial balance and attitudes, contributions to charitable organizations, education (drop-out rates, scholastic scoring, number of graduates or students continuing education), recreational facilities, or cultural opportunities.

You also need to develop another checklist; this one for the organizations that are working on solving community needs.

Your checklist might look like this:

<b>Agency or Organization</b>	<b>Services</b>	<b>Unmet Needs</b>
Home-for-Kids	Provides temporary shelter for abused, abandoned, and troubled teens; 1,000 aided annually.	No space for all-- 500/person/nights unmet
Job Help	Helps unemployed through skill retraining and job referral service; 500 aided annually.	5,000 turned away last year
Senior Services	Provides transportation, low-cost nutritious meals for shut-ins, handicapped, and recreational programs; 15,000 aided annually.	Need ten vans

(All of these are fictitious groups, but the chart illustrates how to develop a checklist of the organizations that are serving your community, what they are doing, and what needs are unmet.)

In many cases, this data already will have been gathered by the various government and private agencies in your community, though in some cases they may not be readily available. Keep in mind, too, that while comparisons with state or national averages give you an insight, they provide only part of the picture. How people feel about the community is as important as the statistics.

To find that out, you might want to develop a questionnaire and ask the people in your credit union, including the employees, volunteers, and members. Check around with local organizations to see if any other group has done a similar limited sampling or broader survey. If so, you can use it as a guide to developing your own questionnaire and to compare results.

Bear in mind, too, that this data and information gathering should be done by your credit union's community relations/social responsibility committee, if you have one.

### **The Data Is In. Now What?**

Once the data and information have been gathered and analyzed, you should have a good idea of where there are serious gaps in meeting community needs, and what organizations, if any, are trying to deal with them.

The next step is to select the community need that your credit union wants to help tackle, develop a plan on how your credit union can help, and begin to work with other organizations in solving the problem.

Sounds simple enough, but it isn't as easy as it sounds. Getting started may be your most difficult task. For one thing, the deeper you probe, the more unmet needs you'll discover. That will make the job of selection difficult. Do you want to take on more than one task in a given year? Should you devote all your resources to one area for one year, then take on something else the next? Or should you develop a long-range plan for a specific need?

How many resources are available from your credit union? For how long? What kind of resources do you devote: people, services, or money, or a combination?

One approach is to tie your community affairs program into other credit union programs and goals. For example, if your credit union has decided to institute a marketing program aimed at retirees, you might want to spend more of your community affairs resources in programs that help older people in your community, members and non-members alike.

As you begin to cull the list, keep in mind those activities that have the most direct connection to your credit union and its membership. Refer back to your survey of current involvement. Chances are you'll be most effective and also reap the greatest benefits in terms of satisfaction and good will if you keep those interests in mind.

Also consider leveraging techniques to increase the amount of help aimed at specific community needs. Through leveraging, you encourage others in the community, individuals and organizations, to contribute more. For example, you might tell your staff and members that for every dollar they contribute to a county drug rehabilitation program, the credit union will put up 50 cents.

## CHAPTER III

### Getting Involved

A social responsibility program can range from involvement in civic organizations to staffed departments, zero budget allocation to a multi-million dollar commitment. But regardless of the participation level, conduct the program much like a public relations program to obtain optimum visibility. Once you've assessed community needs, develop a written policy statement, determine your objectives and formulate an action plan. Decide what to do, when to do it and whom to tell about your good work. Assign responsibilities appropriately to ensure the program is implemented as planned.

### Involving the Credit Union

The operations of the credit union itself can be a source of community involvement.

For example, some credit unions offer work/study or internship programs to area high school, technical school or college students. Students earn credits toward graduation while working a few hours a week in the credit union.

Private corporations offer summer employment to teachers. Certain credit unions could do this to ease the strain created by employee vacations. Instructors would see how a credit union works and, depending upon what they teach (accounting, distributive education, English), they can use the experiences in teaching students.

The Job Training Partnership Act of 1982 helps fund training and employment programs for disadvantaged people. For instance, a credit union could train new employees and receive up to 50% reimbursement for on-the-job training costs. In another approach, a bank-training program in New York City trained some 300 clerical workers in three years and placed 75% of them in financial institutions. Credit unions can get together with other financial institutions in their community to propose a teller-training program to their local private industry council.

For example, several 1998 Dora Maxwell Award winners earned their awards at least in part through their support of education. Guadalupe Credit Union, Santa Fe, New Mexico, supported local schools by sponsoring baseball and basketball teams and donating repossessed cars in need of substantial repairs to a local high school. An employee of Tucson Electric Power Federal Credit Union, Tucson, Arizona, was a Junior Achievement volunteer and spent 10 weeks working with seventh graders instructing them in basic money management and job skills. Centra Credit Union, Columbus, Indiana, participated in a "Lunch Buddy" program designed to provide positive role models for at-risk children.

Credit unions have also been involved financially and through staffing with local consumer credit counseling centers. They also work with other credit unions, usually through the chapter, to place "Classroom Money Management Kits" and other educational materials (available from CUNA Mutual Group) in every school in the community. And they see that every school and public library receives a copy of Everybody's Money (the consumer magazine available through CUNA).

### More Ideas for Involvement

The extent of your involvement will depend on many factors: your community's needs, your resources, and your credit union's culture. Following are types of activities your credit union might want to consider:

### Individual Volunteer Matching

A coordinator matches specific requests for assistance with an employee or volunteer willing to provide the service. The coordinator may work with United Way or other umbrella groups which offer a Voluntary Action Center.

Advantages: Volunteers will be most committed to a cause that closely matches their special interests.

Disadvantages: Time consuming for coordinator.

Alternatives: Run a "Volunteers Needed" column in your newsletter. Match-up volunteers on an annual basis only. For example, survey your employees, then contact the various agencies looking for help, but do so only in July, or whatever time of year is less busy. Ask a retired employee or board member to serve as the volunteer coordinator.

Additional ideas:

- Sponsor a volunteer fair, where organizations like the Red Cross, Suicide Prevention Center, Children's Hospital and others can offer information to attendees about their activities and can glean the names of those interested in volunteer work.

### Social Service Leaves or Release Time

- Employees are granted a leave of absence to work with a specific agency or United Way, with pay, for an extended time, or employees may use a specified amount of work time to volunteer.

Advantages: Volunteers are provided during the workday when the need is greatest. Loaned employees can take on more complex projects and follow them through to completion. Employees develop new skills and increased commitment to the credit union. Demonstrates the credit union's commitment to volunteerism.

Concerns: Cost may be prohibitive, especially for leaves of absence. Eligibility is often on a selective basis; opportunity may not be available to all of your staff.

Alternatives: Start with a pilot program. Provide release time for a small group of employees, preferably from all areas of the company--from management to support staff to tellers to loan officers. Formulate a policy based on the pilot results.

Additional activities:

- Establish a community service award in the form of a cash grant to or on behalf of employees or officials who exemplify the finest in community involvement.
- Encourage employees to volunteer to teach enrichment programs to student or retiree groups, on anything from playing the piano to writing effectively to balancing a checkbook. Participate in or set up tutoring programs for students.
- Participate in meal-delivery programs for the home bound. Employees use a portion of their lunch hours, a portion of work time.

- Credit Union Sponsored Programs

Volunteer time and contributions are focused on a single or relatively small number of projects.

Advantages: Easier to control and to measure results. Provides a way to tie-in the expertise found in the credit union with community needs.

Concerns: May not match all employees' or board members' interests.

Additional activities:

- Co-sponsor a seminar on financial planning, featuring as speakers an attorney, a tax advisor, a credit counselor and an investment counselor. The target group could be women, pre-retirees or others.
- Set up a community speakers' bureau, with prepared speeches on financial planning. Offer public speaking training to volunteers and publicize their availability to community groups.
- Hold an open house to offer information on consumer affairs or financial planning or to honor a community program such as senior citizens activities or police-citizen relations.
- Sponsor a series of ads promoting the achievements of your community.
- Commission an artist to draw sketches of historical places in your community and display them around town and in your lobby. Use them as a traveling show for schools.
- Create an economic education coloring book for elementary school students that will teach them something of how business operates.
- Sponsor a brown-bag luncheon for other community involvement practitioners to learn what others are doing and what needs are unmet.
- Hold a series of seminars to teach teenagers how to prepare a resume and conduct a job interview, use credit wisely, balance their share draft accounts, etc.
- Design and produce a brochure for a community service organization that needs publicity assistance.
- Print an emergency information card with phone numbers and locations for police, fire, hospitals, suicide prevention centers, etc. Distribute them through schools, hospitals, the Chamber of Commerce and grocery stores.
- Award scholarships for citizenship, scholastic achievement or participation in youth organizations.
- Establish a revolving scholarship fund to help welfare recipients acquire job skills.
- Donate no-longer-needed equipment to community service organizations.
- Sponsor an art contest, essay contest or photography contest with a financial services theme. Display winning entries in your office or in community buildings.
- Sponsor or participate in a career day at colleges and high schools.
- Sponsor an intern program for accounting students, journalism students and business students.

Two or three hours a day, five days a week, will help students acquire salable job skills.

### "One-Shot" Projects

A short-term project involving a group of employees working on a specific goal or event, usually completed in a one day to one-week period. These may become traditions at your credit union; for example, a Thanksgiving Food Drive or Holiday Sharing Tree.

Advantages: Can be low risk and low budget. Easy to recruit first-time volunteers who may be reluctant to do something on their own, but are willing to work with friends and co-workers. Can be high visibility, especially if large numbers are involved.

Concerns: May involve release time, if project is conducted during work hours. Can be somewhat labor intensive to organize. May be considered "superficial" rather than meaningful involvement in meeting community needs.

Additional activities:

Tie in events with credit union or other holidays. For example, employees at the Credit Union Center in Madison participated in a food drive and served meals at homeless shelters and neighborhood centers during International Credit Union Week. Celebrate the Fourth of July by collecting "All-American" food items for the local food pantry. (Food pantries tend to be popular charities during Thanksgiving and Christmas, but people are hungry all year long.) The Madison Area Credit Union Chapter, Madison, Wisconsin, sponsored two highly visible projects in 1998. The Food Share Day solicited 165 area restaurants to donate 10 percent of their receipts for one day, which resulted in \$21,000 being raised. The Madison Area Credit Union Food Drive collected 25 tons of food and \$6,675 in donations.

Collect back-to-school supplies for homeless kids.

Collect clothing and household items for homeless shelters during a "Spring Cleaning" drive.

Clean up a park or roadway.

### Cooperative Projects

Join forces with other credit unions, other businesses or community agencies to address a specific problem. This may be a long-term problem-related project or a relatively simple one shot event.

Advantages: Creates a larger pool of resources. Develops relationships and potential for cooperation on future projects. Greater potential for significant contribution or real social change.

Concerns: "Too many cooks" may spoil the project; need clearly identified roles and responsibilities and mutually understood goals. Need a willingness to cooperate and a relationship of trust between the organizations involved.

Additional activities:

Tie-ins with local media give you automatic exposure. As you develop options always consider working with radio or television stations or newspapers on a project.

In cooperation with a local dry cleaner, sponsor a kids' coat drive.

Organize a paint-a-thon; a team of employees paints the home of a low-income, elderly, or handicapped person. Cooperate with a paint company or hardware store for the supplies and a social service agency to identify your client.

Work with Habitat for Humanity to build a home for a low-income person.

Sponsor a team in a fund-raising bike tour or fun run/walk or sponsor the event itself. If you sponsor a team, make sure the individuals on the team also raise pledge amounts.

### **Getting Credit**

The opportunities for involvement are limited only by your imagination and creativity. But your job is only partially done once you've determined what to do and when. If one of the benefits of involvement is enhancement of your image, it follows that you must get visibility (and credit) for your good work.

Here are some ideas:

Highlight community involvement activities in your newsletter, annual report, on bulletin boards, and other existing communication vehicles.

Report results to special audiences: sponsors, civic leaders, your league, national credit union organizations.

Enter your project in the Dora Maxwell Social Responsibility Recognition Program for Credit Unions. Winners are selected at the state and national levels. Contact your league for an entry form.

Tell the media. Newspapers, special interest magazines or city publications may be interested in your story. Reading through several issues will show you the type of stories that the editors are seeking; write your story to conform to their respective styles. Local radio and TV talk shows are other outlets, as are the credit union trade press.

But don't expect miracles. Just because a credit union decides to become a more active community citizen doesn't mean the media are going to stand at attention. Remember that many of the nation's largest firms have been sponsoring national programs for decades and substantial communication budgets are included.

Credit unions should start small and expand. The rewards will be cumulative and satisfying.

An appropriate axiom to keep in mind is "actions speak louder than words." A good social responsibility program is an investment in the community, the credit union and the future.

## CHAPTER IV

### A Word to the Wise

Once word gets out that an organization contributes cash or talent, the number of requests will mushroom. Therefore, a clear-cut policy is necessary to get the maximum use of your dollars, to be fair, and retain control of the contributions. A model social responsibility policy developed by CUNA's Committee on Social Responsibility is included in the appendix of this handbook.

A technique used by some credit unions is to require that requests be in writing and submitted by an appropriate deadline. Then a committee reviews the requests and draws up a list of those it feels should be supported and suggests dollar amounts.

Various criteria can be applied in drawing up the list. Which charities are in the best long-term interest of the credit union? Which ones are the members and employees most closely allied with? Priority might be given to those organizations supported financially by members and employees, with some sort of proportionate matching-funds arrangement. Perhaps contributions can be in the form of personnel or a particular service, such as doing the bookkeeping work for the local Scouting organization, running labels for a group's mailings, or whatever. If you have meeting rooms, these can be opened to use by non-profit groups.

Undoubtedly requests will continue to come in after a deadline has passed. You can either put a specific amount aside in case you feel such a request is worth honoring when it comes in. Or you can inform the organization that this year's schedule is already set but that you would be pleased to put it on the list for consideration next year.

These are hard decisions and the guidelines must be drawn carefully. The committee assigned to drawing up the plan will have its work cut out for it. The best approach is to move slowly because when you finally enter into such a program you want to make sure you do it right. Indecisiveness, changing one's mind or any indication of illogical favoritism--whether real or perceived--can hurt the credit union's image.

If the board decides such a program is worthwhile, the chief elected official should appoint a committee to determine the types of aid the credit union can give and how much. It should develop the guidelines for contributing: to whom, what form, how much. The committee should consist of volunteers and staff, if the credit union is large enough to have staff.

After the committee's recommendations are reviewed and adopted by the board, the chief elected official should appoint a standing committee. If the credit union is large enough to have staff, a key management person should be named staff liaison and handle the day-to-day functions, with monthly review by the committee, or as often as necessary. In smaller credit unions, the committee chairman can become the key contact person for outside groups.

Naturally, the board should review the committee and staff's work at least monthly.

Although the guidelines developed by the committee should be followed carefully, they should also be reviewed periodically to see if they function as well in reality as they seemed to in theory. In other words, be prepared to review and revise as necessary.

**APPENDIX**  
**Model Social Responsibility Policy**

## **SUGGESTIONS FOR IMPLEMENTING THE MODEL CREDIT UNION POLICY ON SOCIAL RESPONSIBILITY**

The Model Credit Union Policy on Social Responsibility was developed by CUNA's Committee on Social Responsibility in an effort to encourage credit union activity in this area. The Committee recognizes that every credit union is unique and proposes this policy as a basis for discussion. A credit union should choose the options set forth in the model policy that best suit its individual circumstances and the circumstances in its community.

- Step 1: Review the entire policy, replacing *ABC Credit Union* with the name of your credit union.
- Step 2: Add any information to the Background Statement that helps explain your credit union's philosophy toward being a socially responsible corporate citizen.
- Step 3: Review "Section III, Policy." Add or delete information in Part A to explain fully what kinds of causes, organizations, and activities that your credit union will support. Because you will face unlimited demands for your credit union's limited resources, it is critical to identify the programs that reflect your credit union's goals and objectives. When you carefully develop the rationale behind your support, you are in the best position to distribute your resources in the most efficient and effective way.
- Step 4: Consider each option set forth in Part B. Can you allow staff to use work time to volunteer? Do you have a meeting room or parking lot that you can allow volunteer groups to use? Can you afford dues for all employees to join community or civic groups or just officers? How will you encourage your members to get involved? Use the options that work for your credit union.
- XYZ Credit Union may be able to allow its employees up to eight hours per year for volunteer work, for example, whereas UVW Credit Union could allow one hour per month, or 12 hours per year.
- Step 5: If you have a contribution's line item in your budget, establish how you will distribute it. The categories listed in Part C are only suggestions. Use the categories that best reflect your credit union's goals.
- Step 6: Identify any in-kind contributions (Part D) your credit union is willing to make.
- Step 7: Are you willing to sponsor group projects at your credit union? If you can, identify in Part E the types of activities that you would support.
- Step 8: Do you need part-time help? Can an intern or work-study student be hired? Can you hire mentally or physically disabled people for any positions at your credit union?
- Step 9: Volunteerism thrives on recognition. Identify components of a recognition program in Part G.
- Step 10: Identify any organizations or causes that your credit union cannot support. Here, too, your policy should reflect your credit union's views. The policy lists examples only; adapt it to your needs.

- Step 11: Define how you will accept requests for donations. Over the phone? Only in writing? A sample request form is included for you to adapt. Decide how often you will review requests.
- Step 12: How will you keep track of involvement? Identify in Part C and Part D the procedures you will use for keeping track of activities.
- Step 13: Once you have adapted the policy for your credit union, place it on the agenda for Board of Director discussion and ultimately, approval. Distribute the approved policy to your Board, staff, volunteers, etc. Also send a copy to your league.
- Step 14: Get involved. Then don't forget to enter the Dora Maxwell Social Responsibility Recognition Program for Credit Unions. For details, contact your league.

## MODEL CREDIT UNION POLICY - SOCIAL RESPONSIBILITY

### I. PURPOSE

- A. To specify *ABC Credit Union's* policy on social responsibility.

### II. BACKGROUND

- A. As forces for social and economic progress, credit unions are not simply financial institutions. Credit union pioneer Roy Bergengren described credit unions as a way "to demonstrate the practicality of the brotherhood of man."

The credit union movement is a social movement, and social involvement is part of credit union philosophy and operating principles.

The International Credit Union Operating Principles state: "Continuing the ideals and beliefs of cooperative pioneers, credit unions seek to bring about human and social development. Their vision of social justice extends both to the individual members and to the larger community in which they work and reside. The credit union ideal is to extend service to all that need and can use it. Every person is either a member or a potential member and appropriately part of the credit union sphere of interest and concern. Decisions should be taken with full regard for the interest of the broader community within which the credit union and its members reside."

The *ABC Credit Union* also owes a certain debt to its community, which provides us with a place to carry on our business. Without the families, employees, members and potential members of this community, the *ABC Credit Union* could not exist.

### III. POLICY

- A. It is *ABC Credit Union's* policy to support human involvement and/or invest financial resources in charitable, community and civic organizations whose goals and objectives are consistent with the credit union philosophy of improving credit union members' well-being, promoting the credit union ideal of cooperative self-help, and bringing about human and social development.
- B. *ABC Credit Union* will participate in social responsibility activities. (Choose as many options as appropriate).

Option A:

*ABC Credit Union* allows employees to take up to (xx) hours of work time per year to volunteer for organizations that meet the criteria outlined in this policy. Supervisors must authorize time off from work, taking into consideration an employee's workload. Additional time off work for volunteer activities is at the discretion of management, who will determine if workload permits participation.

Option B:

*ABC Credit Union* will provide physical resources for volunteer activities.

Option C:

*ABC Credit Union* will pay dues for employees in community and civic organizations.

Option D:

*ABC Credit Union* will encourage member participation in social responsibility activities.

C. Contributions will be designated to:

Option A:

Appropriate charitable, civic, and community organizations in the following areas based on the percent allocations shown. (If the credit union has branch offices, some consideration should be made for allocations based on members served, or other measures.)

- |    |   |          |
|----|---|----------|
| 1. | Education, training and employment      | xx - xx% |
| 2. | Human services and community activities | xx - xx% |
| 3. | Culture and the arts                    | xx - xx% |

Option B:

Contributions will be made to the Credit Union Foundation.

D. The *ABC Credit Union* will also consider requests for in-kind contributions, such as donations of premiums or no-cost share drafts for organizations that meet the criteria outlined in this policy.

E. The *ABC Credit Union* encourages involvement in group community projects, such as participating in special activities, for example, a food drive, collecting material for recycling, children's hospital fund raising, etc. If employee work time is involved, supervisor authorization is required.

F. The *ABC Credit Union* encourages the use of internships and work-study programs, including those for the mentally or physically disabled, when appropriate.

G. The *ABC Credit Union* will give special recognition to those that have volunteered time and/or donated money, or organizations whose goals and objectives are consistent with the credit union philosophy, and to this end will develop a recognition program.

THE RECOGNITION PROGRAM INCLUDES:

Option(s):

Annual meeting recognition  
Annual report  
Newsletters  
News releases  
Plaques, certificates

H. The *ABC Credit Union* will not make corporate contributions to or sponsor:

Example 1 Political or partisan organizations, except to encourage people to vote on election day;

- Example 2 Religious, ethnic, labor or fraternal groups, or veterans, unless the group is sponsoring an event or activity that is consistent with the credit union philosophy and corporate objectives;
- Example 3 Individuals who are seeking funds for personal endeavors;
- Example 4 Organizations that are part of an umbrella organization, i.e., United Way agencies.

#### **IV. PROCEDURES**

- A. All requests for contributions must be in writing and submitted to the \_\_\_\_\_ Department of *ABC Credit Union*.
- B. Requests will be reviewed (quarterly) (monthly). At the end of each (quarter) (month), the *ABC Credit Union* will notify the contact person regarding the status of the request.
- C. Employees and directors are asked to track volunteer time, so appropriate recognition can be made.
- D. Encourage members to report on their involvement.

#### **V. EFFECTIVE DATE**

This policy is effective immediately.



6. What segment of the community will be served? How many people benefit from this project?
  
7. What are the plans for publicity and promotion for this project, and how will the *ABC Credit Union* be included in these plans? Who will be responsible for these plans as well as for recognition of *ABC Credit Union*?
  
8. How will the project's effectiveness be measured? How will *ABC Credit Union* be informed of the progress being made?

NOTE: Please return request forms to *ABC Credit Union, 123 Easy Street, Good Times, USA 12345*. Requests will be evaluated at the end of each (quarter) (month).