www.mcbassi.com
CUinfo@mcbassi.com
347.927.9510

2019 McBassi Research Brief: Credit Unions

KEY FINDING: Credit unions that are more highly-rated by their employees perform better financially across multiple metrics.

The data. We examined the relationship between two summative financial metrics and employee ratings for the 50 largest credit unions in the United States. The financial metrics – return on average assets and average shares per member – were drawn from 2018 public data from the National Credit Union Administration, a federal agency that insures and regulates federally-insured credit unions. Employee ratings, also from 2018, were taken from Glassdoor, an online website where employees provide anonymous reviews of their employers.

For each of six areas where employees ranked companies on Glassdoor (career opportunities, compensation/benefits, culture/values, senior management, work/life balance, and an overall average), we sorted credit unions from top to bottom by score.[1] We then compared the average financial metrics for those credit unions in the top quartile of each Glassdoor category to those in the bottom quartile of the category.

The results. Credit unions with higher Glassdoor scores had notably higher average (median) scores on both **return on average assets** and **average shares per member**.[2] Tables 1 and 2 below show results when comparing the top quartile on each Glassdoor measure versus the bottom quartile on the same Glassdoor measure.

Table 1. Return on average assets, by Glassdoor score

	Return on average assets		
Glassdoor measure	Glassdoor top quartile	Glassdoor bottom quartile	Difference
Overall	***1.31***	***0.89***	***0.42***
Career opportunities	1.33	0.97	0.36
Compensation/benefits	1.19	1.05	0.15
Culture/values	1.31	1.00	0.31
Senior management	1.46	1.00	0.46
Work/life balance	1.06	0.95	0.12

[1] Only credit unions with a minimum of 10 Glassdoor ratings were included in the analysis.

[2] To determine the consistency of the findings, we made multiple "top versus bottom" comparisons. Although not included in this research brief, results were similar for the top 5 credit unions versus the bottom 5 credit unions, as well as top half versus bottom half. (Indeed, observed differences between top 5 versus bottom 5 were generally even larger than the differences in Tables 1 and 2.)

Table 2. Average shares per member, by Glassdoor score

	Average shares per member ($)		
Glassdoor measure	Glassdoor top quartile	Glassdoor bottom quartile	Difference
Overall	***14,371***	***10,523***	***3,848***
Career opportunities	14,664	11,430	3,234
Compensation/benefits	14,446	10,710	3,736
Culture/values	14,215	10,523	3,692
Senior management	12,598	10,477	2,121
Work/life balance	14,527	10,314	4,213

.

These findings – that credit unions with more satisfied employees have stronger financial results – are consistent with a large and growing body of research across a variety of industries and financial metrics.[3]

What does this mean for credit unions? Credit unions looking to improve financial results must continue actively seeking to develop a workforce that is fully engaged, satisfied, and committed to the organization.

How? The results suggest it's important to take specific steps to improve career opportunities, work/life balance, and many other factors that earn employees' loyalty and best efforts.

On the one hand, this is hardly surprising. Credit unions have long known their success is particularly dependent on their customer-facing employees. Customers expect a particularly high level of personal service from their credit unions.

At the same time, however, the results above provide concrete evidence that this isn't just a theoretical relationship. It indicates that to be financially successful in the competitive financial marketplace, credit unions must develop highly-engaged employees who serve as ambassadors for their institutions.

[3] It is also possible, of course, that some portion of the relationship is due to credit unions with better financials being in a stronger position to improve employee satisfaction. We expect to more closely analyze this possibility in our next credit union research brief.