WORKING PAPER

An analysis of the relationship between the credit union board and the manager - The managers perspective

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Abstract

KEYWORDS: Governance, Democracy, Management, Partnership, Role-Clarity

This paper examines the understanding the salaried managers have of the role of their board of directors; of their own role as managers and of the tentative impact of such understanding on the relationship between the two. The study focuses on Irish credit union managers in terms of their perception of these roles and how their perception impacts on the relationship between the manager and the board.

With relatively little research in this area of voluntary organisations, the findings may impact on the approach to management in the sector. Credit Unions are a unique financial institution being mutual societies that exist to attain the economic and social goals of the membership. Credit Unions part of the 'Not-for-Profit' sector which includes charities, trade unions and public sector bodies. They are run by voluntary boards and thus present an ideal model for examination in relation to developing best practice of management for the voluntary sector.

The results of this work show that there is no one identifiable model of management being applied in credit unions. A partnership approach has been adopted in the main, by the credit union board of directors of the credit unions and their managers. There are areas such as strategy, monitoring, communications and governance where the managers provide support to the board in accomplishing their functions. A need for board and the credit union movement in general, to support and recognise the value of managers is identified.

The recognition that Irish credit unions are becoming more professional and that they have evolved into organisations that has greater need for formal governance is emphasised. Implicit in this is the need to recognise the value in understanding the necessity for a united approach by the governors of credit unions and those that work professionally in leading the provision of the day-to-day delivery of the organisations strategy and vision.

PALABRAS CLAVES: Gobierno, Democracia, Dirección, Asociación, Papel - Claridad

Este documento examina el concepto que los directores asalariados tienen del papel de su consejo de administración, de su propio papel como directores y del impacto provisional que dicho concepto podría tener en las relaciones entre ambos. Con una investigación relativamente pequeña en este campo de organizaciones de voluntarios, las conclusiones peude impacto en el enfoque dirigido a la dirección en el sector.

Las cooperativas de crédito son las únicas instituciones financieras y mutuas a su vez que existen para alcanzar los objetivos económicos y sociales de las personas que forman parte de las mismas. Forman parte del sector "sin ánimo de lucro" en el que se incluyen organizaciones benéficas, sindicatos y entidades del sector público. Están gestionadas por consejos de voluntarios y presentan por ello un modelo ideal de examen en relación con el desarrollo de la mejor práctica de gestión para el sector del voluntariado.

Los resultados de este trabajo muestran que no existe un modelo de gestión único identificable aplicado a las cooperativas de crédito. Se ha adoptado un enfoque de asociación en general, por parte de los consejos de administración de las cooperativas de crédito y sus directores. Existen áreas tales como estrategia, seguimiento, comunicaciones y gobierno, en las que los directores colaboran con el Consejo para el cumplimiento de sus funciones. Se ha manifestado una necesidad del Consejo y el sector de cooperativas de crédito en general de apoyar y reconocer el valor de los directores.

Se pone de relieve el reconocimiento de que las cooperativas de crédito irlandesas se están volviendo más profesionales y que éstas evolucionan hacia una organización con una mayor necesidad de un gobierno formal. Implícita en dicho reconocimiento se encuentra la exigencia de reconocer el valor de entender la necesidad de un enfoque de unión por parte de los dirigentes de las cooperativas de crédito y por parte de aquellos profesionales cuya labor se centra en proporcionar día a día la estrategia y la visión de las organizaciones.

MOTS-CLÉS : Structure de Direction, Démocratie, Gestion, Partenariat, Rôle-Clarté

Ce document étudie le rôle des cadres et leur compréhension au sein du conseil d'administration, leur propre rôle en tant que directeurs ainsi que l'impact provisoire d'une telle compréhension sur les relations entre les deux. À l'aide de recherches relativement courtes dans ce domaine réalisées sur des associations d'intérêt général, les résultats peuvent à un impact sur l'approche du management au sein du secteur.

Les Coopératives de Crédit sont uniquement des institutions financières soit des mutualités qui existent dans le but d'atteindre les buts sociaux et économiques des personnes qui s'engagent en tant que membres. Ils font partie du secteur 'Not-for-Profit' (à but non lucratif) qui inclut les organismes de charité, les syndicats et les organes appartenant au secteur public. Elles sont dirigées par des commissions volontaires et par conséquent présentent un modèle idéal qu'il faut examiner en matière de développement des principes de bonnes gestions pour le volontariat.

Les résultats de ce travail montrent qu'il n'existe pas de modèle de gestion identifiable appliqué au sein de coopératives de crédit. Une approche de partenariat a été principalement adoptée par les conseils d'administration et gestion des coopératives de crédit. Il existe de nombreux domaines tels que la stratégie, le suivi/contrôle, les communications et la structure de direction à travers lesquels les managers fournissent un soutien au Conseil dans l'accomplissement de leurs fonctions. Un besoin pour le Conseil et le secteur des coopératives de crédit en général, de soutenir et reconnaître la valeur des managers, est identifié.

La reconnaissance suivante est mise en valeur : les Coopératives de Crédit Irlandaises deviennent plus professionnelles et ont évolué vers une organisation qui a des besoins plus importants dans le cadre d'une structure de direction reconnue. Un besoin implicite de reconnaître la valeur dans la compréhension des besoins d'une approche commune par les gouverneurs des Coopératives de Crédit et par ceux qui travaillent professionnellement dans l'approvisionnement quotidien des stratégies et vision des organisations.

Introduction

This study focuses on Irish credit union managers in terms of their perceptions of their own role and the role of the board of directors. The paper also examines how this perception of roles impacts on the relationship between the manager and the board. The paper commences with an introduction to the Irish credit union movement drawing from the primary researcher's experience as a practitioner within the movement. This is followed by a brief summary of the literature on the main concepts under discussion. The paper then presents the main findings of the research into the managers' perceptions of their role and the role of the board of directors and concludes with a general discussion of the key issues raised for credit unions.

Credit Unions - a context

Credit unions are part of an international system encompassing 46,377 credit unions in 97 countries around the world, enabling 172 million members to gain access to affordable financial services [25] (WOCCU 2006)[1]. The first 3 credit unions in Ireland were formed in 1959 with approximately 200 members and €520 in shareholding. By 2005 there were 530 credit unions affiliated to the Irish League of Credit Unions [14] with an overall membership of over 3 million and assets of over €14.2 billion[2].

Much of this growth has taken place in the last ten years. This rapid growth has placed increasing pressure on the governance structures of Irish credit unions. Therefore, a clear understanding of the role of the board and the manager is essential for good credit union governance. While the roles of director and management are distinctive, the relationship between the two provides a critical foundation for good governance and business success. This paper will focus on that relationship from the perspective of the manager.

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[1] WOCCU - World Council of Credit Unions.
[2] ILCU Annual Report: 2006:86.

Roles in the credit union – the voluntary board and the manager

A credit union is a not-for-profit voluntary organisation with co-operative principles[3]. A board of directors are elected by the members from their membership to run the credit union on their behalf. In Ireland the functions of the board are set down in the Standard Rules for Credit Unions (ROI). Rule 75 states the board have "responsibility for the general control, direction and management of the affairs and records of the credit union." These functions are in line with the functions set out for voluntary organisations as indicated by Harris ([10] 1989; [11] 1993) and Widmer [24] (1993) - the functions of accountability for the organisation, formulation of policy, safeguarding the resources of the organisation and acting as the link between the organisation and the environment. These functions compare closely with that expected of a board in a corporate company, expressed by Lorsch ([15] 1989) as a cycle of functions based on continuous phases of planning, (formation of philosophy and approving policy), resource provision (human and capital), and evaluation (performance appraisal and environment). The main difference is that credit unions and voluntary organisations have *two* bottom lines – economic *and* social - resulting in a much more complex organisational culture and management process.

To fulfil their functions, the credit union board's main role should be to formulate and develop a strategy for the delivery of its core philosophy on behalf of its members. The board ought to then delegate the day-to-day operations of the organisation to the manager to deliver that strategy. Thus, the role of the manager in a credit union should to be to manage the day-to-day operations of the credit union and report back on its implementation to the board of directors. The Republic of Ireland Financial Services Regulator ([20] 2005) supports this view and points out the need for directors to focus on strategic planning, policy development and proper oversight rather than engaging in "hands on activity."

[3] Credit unions are credit co-operatives that exist to attain the economic and social goals of the people who comprise its membership and surplus monies arising out of the operation of a credit union belong to the members. As a financial co-operative, each credit union is committed to the Co-operative Principles of the International Co-operative Alliance (http://www.coopscanada.coop/aboutcoop/). These seven principles form the foundation of identity as a credit union: 1.) Voluntary and open membership. 2.) Democratic member control. 3.) Member economic participation. 4.) Autonomy and independence. 5.) Education, training and information. 6.) Co-operation among co-operatives. 7.) Concern for community.

Henri Fayol [7] in 1908 listed the functions that managers perform as planning, organising, motivating/leading, controlling/measuring, and coordinating. Functionally these involve areas such as human resource management; operations management; strategic management; marketing management; financial management; and information technology management. It is interesting to look at a comparison between the roles of the credit union manager and his/her counterpart in a conventional bank. In the bank, the manager has a national and regional support structure which includes a human resource function, promotion and marketing back-up, information technology infrastructure, lending rates and investment portfolio management and so on. In conventional banking, even the function of underwriting loans is removed from local branch decision making and centralised nationally. This contrasts with the role of the 326[4] managers of credit unions, each who work with their *autonomous* voluntary boards. The directors provide limited time, usually outside of their normal day jobs, to support their manager in the development and delivery of *all* the above functions.

As managers' are in a position of having greater knowledge, this can put them in a position of power. This has resulted in a number of theories (Agency-Principal Theory; Managerialism, and Entrenchment Theory) to suggest that the manager must be "controlled" in the interest of the organisations and its owners. Managerial theory supports this – the opinion of Berle and Means [26] (1932) is that although stakeholders may legally own and control large corporations, they no longer effectively do so, control having been ceded to a new professional managerial class. Some believe that managers may effectively create this situation by acquiring a position of permanence through the developing of know-how and managerial skills in such a way as to make themselves indispensable thereby pursuing a "true strategy of wilfully specifying themselves into the organisations assets" (Gomez [9] 1996, Bataile-Chedotel: Huntzinger [1] 2004, Fama [6] 1980). In the literature this is referred to as "Entrenchment Theory" (Keasey, Thompson and Wright [27] 1997). Shleifer and Vishny [22] (1989) maintain that entrenchment may have the unfortunate consequences of giving the manager excessive power unrelated to performance and rewards them to the detriment of the organisation. Of course some boards may be willing to cede power to a manager. As Harris [11] (1993) points out, many governing bodies do not perform the functions officially prescribed to them or do so inadequately (Bradshaw et al [3] 1992). They identify that the gap may be due to lack of knowledge on the part of the board; being unaware of the functions allocated; misinterpreting the role of the paid staff to involve carrying out all key

[4] Irish Credit Union Managers Association data 2006.

functions; or believing that the role of the governing body is no more than a ceremonial conformity. However Feek [8] (1982) noted that boards may be very clear on their official function as a governing body but are dependant on the staff to inform them and help them in carrying out their governing function. Similarly Platt et al: [19] (1985) identified that the extent to which the board is able to perform their official functions may be dependent on what staff is prepared to allow.

On the other hand, Stewardship theory (Donaldson and Davis, [5] 1991; Muth and Donaldson, [17] 1998 and Hung, [13] 1998) is in contrast and assumes that managers work in the interests of the organisation rather than solely in their own interests and thus act as effective stewards of the organisations resources resulting in senior management and the board seen as partners. Bradshaw et al [3] (1992) identified that the role of a governing body is not susceptible to implementation in isolation from the other organisational roles but rather is contingent and interdependent with the role of the staff. Rochester et al [21] (1999) found that a lack of clarity or agreement about the board's role existed in some organisations. This ambiguity could be explained in terms of tension between controlling and partnering the salaried staff – controlling being the responsibility of ensuring that the manager is effectively and efficiently delivering on their management role but *also* partnering by working "hand-in-hand" with the manager at such a level that results in sufficient support and professional advice to the board in its functions. Cornforth and Edwards [4] (2003) state that a division between directors and managers functions based upon the directors as the strategic decision-takers and the manager as implementer is both simplistic and anachronistic in a modern managerial culture. They raise the view that:

> *"…More pertinent are the boundaries within the strategic management function, between what managers and board members do. Clarifying and implementing these boundaries may improve the work by managers than simply supplying board members with copies of operational papers to 'receive', note' or 'approve."*

Their view is "*that to identify and present to the board what is strategically significant in operational information, reports and activities requires time, skill, board input and a high degree of trust between board members and senior managers*". As stated by Cornforth, Edwards: [4] (2003:78) "a partnership approach."

Olsen and Brunn ([18] 2003) identify that a co-operative must be structured so that its board receive accurate, complete and timely information from the manager and suggest a unified strategy devised by the board and management will support this structure of information flow to the board. Thus, the role of the manager and the board are distinctive, but they are not independent of each other. Greater importance must be placed on clarity by the voluntary board of their own role, and additionally the role of the manager, to ensure that the manager is supported to deliver the day to day functionality of the organisation.

The Study

Research Method

The aim of this research was to present the views of the managers on the current practices in relation to the role between the board of directors of credit unions and salaried managers. The research method of a qualitative approach suited the scale of the research and allowed a less standardised and more investigative examination and enabled good interaction between the researcher and the participants. The primary researcher is a practitioner in credit unions for twenty years and having served in all the principal officer' roles over that period, has a deep understanding of the sector. This qualitative research sought to convey the complexity of reality in a descriptive, personal and narrative form which would lead to a good understanding of the manager's perspective. The exploratory research was conducted with a total of 10 credit union managers from credit unions with a range of characteristics. Factors considered in identifying the credit union managers for this research were that they would be drawn from both genders, from rural and urban settings, from a wide range of asset bases (>€45 million to <€80 million) and that all would have similar service products. The researcher was also interested in including an occupational common bond credit union, having a broad spread in the number on the boards of the credit unions (from 9 to 15), and in the number of staff working under the managers' (which ranged from as little as 2 to over 30).

Of the managers interviewed, the majority had been recruited from outside of the credit union movement, with only two coming through internal promotion. Only a small percentage of these managers came from the conventional banking sector. The majority of those interviewed have been in their posts for more than five years or longer. Almost all, with the exception of one, had third level qualifications, primarily in management. It is interesting to note that more than half of the managers interviewed had participated in the credit union diploma or degree from University College Cork with one considering the Masters in Co-operative and Social Enterprise.

The Findings

Manager's perceptions on the roles of the board and the manager

The interviewed managers were asked to outline what they felt the functions of the board were. In their responses they all stressed that the function of the board was to manage all areas outside of the day-to-day management operations. On further probing, they outlined areas such as setting the strategic direction for the credit union, overall control and management of the organisation, protection of assets and ensuring good governance and compliance. These functions identified by the managers are very much in line with the broad categories suggested by Harris ([10] 1989) ([11] 1993b) and Widmer [24] (1993).The majority of managers felt that their board partially fulfilled their functions - managers gave a range of responses relating to "operational control" or "hands on" involvement being too strong. The following quote from a manager sums this up very well:

> *"The board is not strategic enough and is too involved in the day-to-day matters."*

Managers were also asked to outline what they felt their own function was in the credit union. All of the managers indicated that their role was to manage the day-to-day operations of the credit union including human resource management, ensuring organisational compliance, marketing, financial management and information technology management. They understood their role was to carry out the directions of the board and they indicated that they would do this even if a decision was contrary to their professional opinion. One manager put it as follows *"…my role is to carry out the directions of the board of directors."* In this research managers displayed clarity on their own role and saw a clear separation between their role and that of the board. Managers also have shown a full understanding that the functions of the board of directors are "everything outside of the day-to-day operations of the credit union" and that their role as manager is "to carry out the directions of the board of directors". The majority of managers indicated that they carried out the day-to-day operations of the credit union while also supporting the board in their role delivering its functions and objectives. As well as having an understanding of and commitment to their role, the majority of managers expressed a high level of job satisfaction including the responsibilities expected of them and the remuneration received. It is also important to highlight that managers generally displayed strong commitment to the credit union ethos and many had participated in training specific to credit unions. This, along with the high level of job satisfaction may help to explain why the majority of the managers interviewed were willing to make contributions considerably above the requirements of their job description or terms of employment.

All managers spoke about how the extensive role of the credit union manager is not fully appreciated. When asked to rate how challenging they felt it is to manage a financial co-operative almost all of the managers felt that it was an extremely challenging job. One manager stated that

> *"Some credit union people think that the manager does not care what happens – that the success or failure of the credit union will not affect the manager as it's the board of directors that carry the 'can'. This is totally incorrect; any manager will tell you this is not the case. If something goes wrong in a credit union, it is the manager's reputation, their livelihood and future career that is very much in jeopardy."*

Most managers spoke about the role of managing a credit union being a very atypical and challenging job in today's environment. They felt that there is a great responsibility on the manager of a credit union to ensure that the business is run properly and there is a need for a high level of expertise with the ability to multi-task. This opinion is supported by findings of Steward [23] (1996) who states that along with the skills of planning, organising, co-ordinating, controlling and leading, managers need to know how to trade, bargain and to compromise. She states that most managers also need political skills, the ability to recognise conflicts of interest and the ability to enlist support to further ones own job objectives.

Relationship between the roles – the manager's perspective

While the managers felt that the board were responsible for areas such as policy setting, governance and strategic direction, they, at same time, were very clear that while the board was "legally responsible" for areas such as good governance they, as managers, were the ones who ultimately “carried out the functions” to ensure that the organisation is compliant and that all the proper governance requirements were established for their credit union. Therefore as one manager stated “a partnership between the manager and the board is essential”. This is very much in line with Cornforths and Edwards [4] (2003) opinion that a division between directors and managers functions based upon the directors as the strategic decision-takers and the manager as implementer is both simplistic and anachronistic in a modern managerial culture and a high degree of trust between board members and senior managers in a partnership approach is far more realistic.

However, the role of the manager is to provide information to the board so that the board can fulfil their functions. Feek [8] (1982) noted that the extent to which members of the governing body are aware of their official functions may be dependent on the extent to which staff see themselves as having a responsibility to “develop” and inform their board. However, a board must take its own duty of responsibility to ensure that it is fully aware of its functions and statutory duties and ensure that it establishes a sufficient model that enables them to understand that the practice and procedures in the credit union are meeting the strategic aims of the credit union. It was the view of one manager that the running of a credit union was very complex for a board and that “*the members of my board are very good at hands on roles – where they can see results in the short-term, but they do not see the big picture really or fully understand the complexities*.”

Another manager commented that the *current* board in the credit union was willing to fully embrace its duties and governance responsibilities and they are happy to do so, but over the previous years it had been left to the management to ensure statutory duties were complied with. When asked how the credit union monitored changing regulation and legislation, the response indicated that it was the managers view that it was them, as managers, that were keeping the board updated on new matters in these areas:

> *“The key members or principle officers do know what their statutory duties are, while others have a grasp of the ideals of credit union and community ethos, but the requirements of legal, technology, control aspects etc. are beyond their comprehension.”*

The Managers highlighted the importance of their management role in supporting the board in ensuring that the many and complex areas of governance are being fulfilled. The following is a sample of the areas of legislation and compliance concerned: health & safety legislation; money laundering; Section 35 (ROI Credit Union Act (1997); employment legislation; equality; data protection; quarterly and annual prudential returns; annual external audit; revenue tax compliance; investment compliance with the trustee status order and compliance with insurance and savings protection scheme requirements. This extensive list highlights the difficulty for a voluntary board of directors in fulfilling these obligations without the support of the manager.

Recognition and support from the board for the manager's role

Managers felt that the boards recognised the role that the manager played was that of running the business of the credit union and all but one manager felt that the board had delegated sufficient authority to enable this to happen. All the managers had confidence in their boards' decision-making ability and there was confidence that the board would not accept a recommendation from the manager without questioning the rationale behind the recommendation.

However, nine of the ten managers interviewed felt that their view was usually accepted by the board but this would normally follow a business case being presented on the options and/or backed up by the rationale for the manager's view. All managers felt that they influenced the direction of their credit union. One manager stated that "*I would not be doing my job right if I was not influencing the direction of this credit union*".

Managers need financial resources if they are to effectively carry out their role. This is normally structured in the form of an annual budget. Only forty percent of managers, when asked if their credit union worked within the realms of a yearly budgeting system in relation to the day-to-day running of the credit union, stated that their credit union had an annual budget in place. One manager stated that while they had no budget formally set, they had a "notional" budget in place which was to "basically improve on last years figures". This is of concern as the need for an objective measuring system that would identify reducing margins, rising costs and provide comprehensive financial and control information that would be useful in the decision-making process is critical. These findings are interesting as they raise questions regarding the level of understanding the boards may have of these sectors of the credit union business if there is no identifiable financial budget system in place against which objective measuring of the growth of the organisation can be carried out.

To achieve their role, managers need clear communication channels with the board. Nine of the ten managers interviewed attend the full monthly board meetings of their credit unions. Outside of the board meeting, managers need to have clear communication channels with the board; this is usually in the form of an allocated representative or executive group from the board. Seven out of the ten managers interviewed communicated generally with an allocated person (usually the treasurer or chairman) and did so at least once a week but normally 2-5 times a week in person or by telephone or email. Biebers' [2] (1998:) research regarding the enhanced role of the chairman is relevant to these credit unions where he noted the main functions of the chair were seen by managers as chairing meetings, leadership and working closely with the manager, and the other members of the board entrusting the chair with establishing a relationship with the manager that would form a crucial link between staff and board. This position could be used by the chair to oversee the manager's performance and to monitor the manager's approach and used by the manager to gain a closer involvement in the non-professional (policy) decisions and safeguard their control over the professional (day-to-day) areas of responsibility. It is identified as a simultaneously positive working relationship between the manager and the board. The managers stated that the matters that were discussed by the managers and the allocated person were day-to-day operational matters. In the view of the managers' the purpose of these meetings was to keep the board informed or seek the advice, opinion, or direction of the board, through this allocated person. Eighty percent of managers made reference to the very good relationship they had with this allocated person and how valuable it was to them in there role as manager.

Another important source of support to a manager is in the form of structured feedback on their performance. This can be carried out in the form of a performance management appraisal which assesses the manager's performance, potential and development needs. This is in effect one of the functions of the board of directors where they are required to monitor and evaluate staff. Less than half of the surveyed credit unions had a formal process in place to carry out this monitoring and evaluation process. This may indicated that the board of directors are not properly fulfilling this function. Without a system to carry this out in a formal manner, the credit union board is missing the opportunity to understand the managers' perspective, their training needs, and the means to fully evaluate the manager's work.

The researcher posed the question "Do you think that there should be a mechanism to measure the effectiveness of boards – for example some form of internal yearly self evaluation or an outside consultant to work with the board to identify weaknesses as a board?" All of the credit union managers responded in the affirmative. The managers did not see it as a negative proposal as it would provide a measure for the board and that would increase standards. A number of managers stated however that it would have to be done correctly with the right intentions as it could be negative for members of the board and could have a negative impact on current activities of the board if the member's confidence was undermined. Lorsch ([15] 1989) recommended a regular evaluation of the board. A number of managers felt that the board was measured by the membership yearly at the Annual General Meeting.

Discussion

The interviewed managers in this research were clearly aware of the separation between the role of the board of directors and the role of the manager. This may explain why the relationship between the board and manager in the studied credit unions would strongly appear to be one based on partnership as identified and discussed by Cornforth and Edwards [4] (2003). The factors which appear to support this partnership role include the informal structure for communications, advice provision, support and direction through allocated person/persons from the board of directors and the many compliance and legislative requirements of the credit union being fulfilled by the managers on behalf of the board of directors. The findings in this research show that there is little to support the managerial (or rubber stamp) model of management of credit unions and any fear or threat of the Managerialism Theory that the board may perceive of their manager "taking control" or "side-lining" of the board would not appear to be the intention of the managers. Boards researched are considered by the managers to be active in the role of taking their own decisions - decisions which may be based on advice from their professional managers. Indeed from this research and to paraphrase Herman's view ([12] 1981) it could be said that credit unions are more likely to be successful where managers take responsibility or show concern for board development. Evidenced in the research findings is the *reality* of the credit union movement from the manager's perception, that there is a great dependency and reliance by boards of credit unions on their managers to provide support for the board's creation of strategy, its management processes and its governance compliancy.

Managers also clearly showed that they understood that the responsibility of the board of directors, as the representatives of the members of the credit union, lay in devising the overall direction of the credit union rather than the day-to-day running of the credit union. However, they at the same time indicated that a number of board members do not sufficiently recognise the differences between operational or strategic matters and continue to involve themselves in the day-to-day operations of the credit union. Within this understanding of the boards' role, the managers held the view that for boards to fully discharge their duties in relation to governance and legal requirements, they needed to be supported by their manager. Boards and managers seem to have worked out practically and in an effective manner how to ensure they both are working for the same result – a successful credit union for the members. However, while there is a structure in place which supports the development of a relationship of partnership, it needs further improvement as the majority of managers interviewed felt that that there was lack of understanding of the full extent of the responsibilities of the manager and that the role of a credit union manager lacked proper or formal recognition. Managers, in the main, do not have a formal appraisal system and this is a weakness that should be address by credit union boards. It would allow the managers the opportunity to express their concerns and display the magnitude of the responsibility of their job along with allowing the board to establish targets and monitor and evaluate their delivery.

From this research of the manager's perspective some of credit unions have issues to address such as; strategic planning; monitoring/evaluating; and preparation for greater governance. Not all boards showed a strong commitment to address these areas or the areas of planning expenditure and the establishment of a yearly budget. These perceived weaknesses could indicate a lack of understanding of the functions of the manager by the board making assumptions that these areas are not for consideration at a strategic level. This may indicate a need for formal independent evaluation of the board members (and agreed consequences by the board members in advance if planned improvements for board members are not adhered to.). This model of development of the board may provide the vital missing link in Cornforths and Edwards [4] (2003) theory of partnership. Partnership can only be meaningful if both parties have equal challenges in maintaining standards. The role the manager could play in this is ensuring an independent evaluation of the board, under agreed criteria, within an agreed timeframe.

Concluding Note

This research shows that a form of a partnership model is being applied in the credit unions involved in this research. However, this area merits further research that includes a greater research pool and a balanced approach taking research from both the board of directors and managers perspective.

From the managers' perspective, there is an identified need for directors to focus on strategic planning, policy development and proper oversight through monitoring and evaluation rather than engaging in "hands on activity".

This research also raised the issue of a partnership approach and how that can be formulised into a defined model that can be adopted in organisations with a voluntary board. There is need for this relationship to be measured in a tangible fashion to establish if a partnership is in place and more importantly if it is working and how it can be improved.

Another important matter that was identified was the issue regarding the form of partnership. Can a relationship be considered a true partnership if there is a mechanism for evaluation of one party with penalties in place if the targets are not achieved and no mechanism in place for evaluation of the other party?

What is clear is that Morgan's ([16] 1986:339) study on organisations is backed up by the findings in this research:-

> *"The many theories and ways of thinking about organisations do not match the complexities and sophistication of the organisational realities"*

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The impact of credit risk management on the banking profitability: a Survey of the theoretical and empirical literature. 2016 / Veizi Zamira. Comparative analysis of banking performance of comercial banks groups.Â Therefore, the purpose of the study is to investigate the relationship between board structure as measured by board size (BS) and the proportion of independent director (ID) with the financial performance as proxies by current ratio (liquidity), return on assets (profitability), loan to deposit ratios (risk and solvency) and asset utilization ratio (efficiency performance). The interest to conduct this research is important to address these issues and shortcomings so that this study can provide a better suggestion in helping to sort out the tools of problem-solving. Based on this analysis, we determine the steady-state relationship between credit and GDP in the Irish economy and then perform scenario analysis to see what would have happened to Irish GDP between 1998 and 2010 if credit in the economy had grown more in line with deposit level growth over this period.Â In modelling a relationship between credit and GDP, our results also suggest that there may have been signicant benets to linking credit expansion with that of deposits. Our analysis suggests that had credit growth been set relative to deposits in the pre-crisis period, by late 2008/early 2009 the level of GDP would have been higher than the actual level.Â 2 Credit to GDP and the policy environment. 9 The conflict between unlimited needs and wants, and scarce resources has an important consequence. Since people canâ€™t have everything they want, they must make choices. The classic example of a choice forced on society by resource scarcity is that of â€œguns or butterâ€, or more realistically the choice between producing defence goods (guns, weapons, tanks) or food: more defence goods mean less food, while more food means fewer defence goods. Societies must choose how much of each they want to have.Â the study of society and the way people live Examples of social sciences are sociology, psychology, eco-nomics, etc. 1. a) Use your dictionary to check the correct pronunciation of the words below. science, discipline, society, scarce, consequence, perspective, principles Additionally, the manager acts as a bridge from senior management for translating higher-level strategies and goals into operating plans that drive the business. In that position, the manager is accountable to senior executives for performance and to front-line employees for guidance, motivation, and support. It is common for managers to feel as if they are pulled between the demands of top leaders and the needs of the individuals performing the work of the firm. The Work of the Manager. Have you ever witnessed the "plate spinner" at the circus? This performer places a breakable dinn