



# COVID-19 and DEI: Revolution & Evolution In the Credit Union Community

The State of Credit Union Governance **2021**

*Preliminary Findings*

**Rotman** | The David and Sharon  
Johnston Centre for  
Corporate Governance  
Innovation

 **Quantum  
Governance, L3C**  
The Science and Art of Exceptional Governance

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We begin by offering special thanks to the many credit union leaders who participated in the survey that informed this report. We are profoundly grateful. In this unprecedented year of sadness worldwide, we offer our deepest sympathies to all those who have lost family members, friends, colleagues and employees to COVID-19. We are hopeful that the expanding commitment to Diversity, Equity and Inclusion (DEI) that we see throughout the credit union community brings change wherever it is needed most.

This special report is the latest in a series of studies published under the Johnston Centre-Quantum Governance-CUES partnership as a part of The State of Credit Union Governance series. In this latest report, we offer a snapshot of the impact of the pandemic on credit union boards, as well as the ways credit unions are responding to calls for DEI representation sweeping across North America.

The credit union system, like much of the world, was rocked by two significant events in 2020 – an unprecedented global pandemic and the emergence of a modern movement dedicated to social justice. The pandemic has challenged credit unions operationally and strategically. It has illustrated that many credit unions are nimble and, it has fostered a new set of innovative governance practices.

The calls for social justice were sparked by a series of violent deaths of black men and women at the hands of fellow citizens and police. These call have reinvigorated conversations about racial DEI in North America and around the world.

In partnership, CUES, the David and Sharon Johnston Centre for Corporate Governance Innovation and Quantum Governance, L3C set out to learn how these two issues are affecting credit union leaders today. In January 2021, we fielded a survey that yielded 182 responses from credit unions across North America; with the vast majority of respondents from the United States. Over 90% of our respondents identified as white and 39% as women. Eighty percent of the people surveyed were of 50 years of age or older.

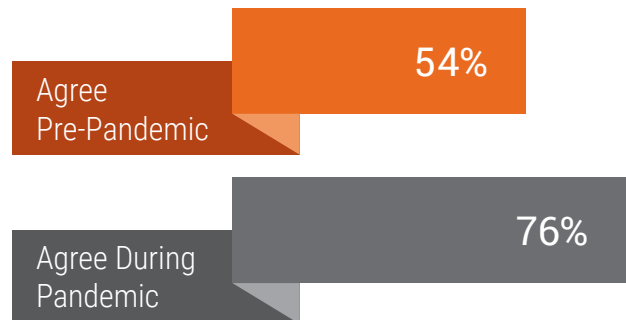
While a comprehensive special report, entitled *COVID-19 and DEI: Revolution & Evolution In the Credit Union Community*, will be released early this summer, this paper is intended to provide you with a preview of two important findings.

### **Finding #1 – Board meetings should be entirely in-person or entirely virtual: hybrid meetings are less effective.**

Almost all directors moved from the boardroom to their spare rooms and kitchens as the threat of COVID-19 gripped the world. Nearly every credit union in our sample moved their board meetings entirely online to ensure the safety of their directors and executives. Yet even before the pandemic, remote attendance at meetings

was already surprisingly common, usually in the form of one or more directors attending an ostensibly in-person meeting by phone or video conference. Perhaps unsurprisingly, it proved difficult for remote directors to add value in such a hybrid environment, with little more than half of respondents believing that remote attendees were valuable in the boardroom pre-pandemic. This number went up to more than three quarters during the pandemic. Yes, you read that correctly – even with all the issues some may have with remote meetings, the value of remote attendees went up substantially!

**Figure 1:** Do you believe your remote attendees are valuable in the boardroom?



We found that holding board meetings, either fully in-person or fully virtual, can positively impact their effectiveness.

Nonetheless, 65% of credit unions in our sample still plan to revert to a hybrid meeting after the pandemic, potentially risking the effectiveness of their meetings more than if they remained fully virtual.

These findings should encourage credit unions to emphasize the importance of fully in-person meetings, which also have the added benefit of facilitating critical social aspects of board effectiveness. When in-person meetings are not possible, the data indicates that fully virtual meetings are preferable.



## Finding #2 – Effective DEI initiatives require active, enduring structures and processes.

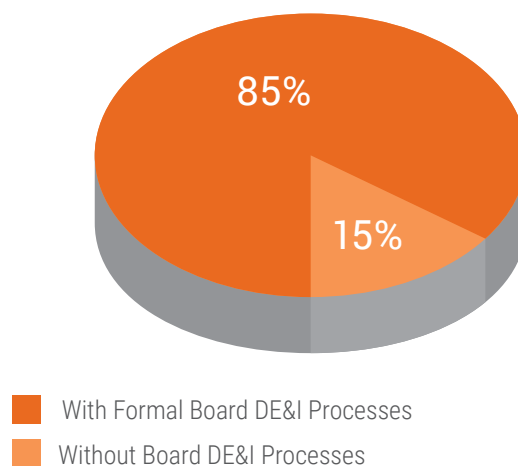
In the State of Credit Union Governance 2020 report, we found that demographic diversity was the number one priority for credit unions when recruiting new board members. Credit union boards having such formal processes and structures are far more likely to succeed in their DEI efforts. Most credit unions we work with express a high degree of interest in having their board “look more like their membership.” In the summer of 2020, conversations about and commitments to DEI took on a renewed sense of urgency.

Our most recent survey uncovered a critical insight into what makes board DEI efforts truly effective: formal processes and structures. Respondents who reported having board-level diversity targets, DEI education and specific inclusion processes in their boardroom discussions were far more likely to succeed than those without them. Those respondents reported having a board composition that more closely reflects the demographics of their membership and also a healthier balance of skills and diverse characteristics to effectively lead their credit unions.

While we cannot infer causation from these results, the findings either mean that effective DEI processes lead to diverse boards or vice versa. Boards are much more likely to have an optimal mix of skills and demographics with DEI processes in place.

The message is clear: if credit union boards want to achieve their number one board recruitment priority – demographic diversity – formal and thoughtful processes to actively support DEI initiatives need to be an ongoing part of their leadership culture.

**Figure 2:** Participants that agree that their board has the optimal mix of skills and demographics.



### For More Information

To download the 2018 and 2020 State of Credit Union Governance reports, visit [cues.org/OG](https://cues.org/OG), and to sign-up to receive a copy of the full report, *COVID-19 and DEI: Revolution & Evolution In the Credit Union Community* when it becomes available, visit [cues.org/GovernanceReport2021](https://cues.org/GovernanceReport2021).



We wish to note that we are not providing legal services or offering legal advice of any kind.

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