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A STUDY OF MEMBER CREDIT UNIONS OF THE MICHIGAN CREDIT UNION LEAGUE RELATING PARTICIPATION, COHESIVENESS, UNIFORMITY OF OPINIONS AND ATTITUDES, AND OTHER FACTORS TO CREDIT UNION SUCCESS

by

John B. Hawley

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Doctoral Committee:

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ABSTRACT

A STUDY OF MEMBER CREDIT UNIONS OF THE MICHIGAN CREDIT UNION LEAGUE RELATING PARTICIPATION, COHESIVENESS, UNIFORMITY OF OPINIONS AND ATTITUDES, AND OTHER FACTORS TO CREDIT UNION SUCCESS

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The study is designed to develop an index of credit union success, to select two groups of more and less successful credit unions in accordance with it, and then to examine the differences between these two groups. The credit unions involved in this study are members of the Michigan Credit Union League.

Criteria for judging credit union effectiveness, economic and otherwise, are isolated after study of credit union literature and conferences with credit union leaders. The most important of these criteria, selected by a qualified group of experts, are examined. An index of credit union success composed of six items is developed: (1) the ratio of actual to potential members, (2) the ratio of borrowers to members, (3) the ratio of expenses to income, (4) the ratio of net earnings to shares, (5) the average size share to optimum size share, and (6) the ratio of the number of delinquent loans to total number of loans outstanding. The index is validated by correlating the global judgments by a group of credit union authorities and the index's rating of forty-three credit unions. Statistical analysis, using a Pearson coefficient of correlation, reveals a positive relationship. Ten more successful and ten less successful credit unions are selected for further investigation in accordance with the index.

Differences between the two groups are examined in two areas: (1) other important criteria of success relating to the organizational aspects of credit unions

as well as the personal characteristics of their leaders, and (2) investigation of the leaders of the two groups with respect to four dynamic variables: (a) group participation, (b) group cohesiveness, (c) uniformity of attitudes and opinions, and (d) authoritarianism.

More successful credit unions appear to have more liberal lending policies and practices. They conduct almost twice as many credit committee meetings as do the less successful groups. Leaders of the more successful credit unions generally have been associated with the credit union movement longer than the leaders of the less successful groups. More than twice as many of the leaders of the more successful than of the less successful groups subscribe to the Credit Union National Association's magazine, The Credit Union Bridge. A higher proportion of the leaders of the more successful credit unions perceive themselves as being liberal in political and social matters than do the leaders of the less successful groups.

In all measures of group participation at local, chapter, and state levels, the leaders of more successful credit unions exhibit a significantly higher degree of activity than do the less successful groups' leaders. Further, the leaders of the more successful credit unions exhibit a significantly higher degree of cohesiveness than do the leaders of the less successful credit unions. The leaders of the more successful groups also appear to express a greater uniformity of opinions and attitudes on some matters relevant to credit union affairs. Little difference between the two groups of leaders exists in the degree of authoritarianism which they exhibit.

Further study along a number of lines is recommended at several points. The data corroborate several other studies which indicate that in voluntary groups greater cohesiveness relates to higher effectiveness.

ACKNOWLEDGMENTS

The concern and assistance of many people and organizations have made this study possible. I am sincerely indebted to the committee chairman, Dr. Howard Y. McClusky, for his generous encouragement and support during the past five years. His careful reading and criticism of the preliminary manuscript are deeply appreciated. Special thanks go to Dr. Donald C. Pelz for his patient consideration of technical problems. The writer also wishes to express his appreciation to Drs. Algo Henderson, H. Glenn Ludlow, and Alvin Zander for their assistance in planning the study and preparation of this report. Sincere esteem is due Mrs. Beryl Hutchison for her noteworthy service in coding and tabulation of the data.

Grateful acknowledgment is made to the Board of Directors of the Michigan Credit Union League, under whose auspices this investigation was conducted. Members of the staff of the League have given freely and capably of their encouragement and counsel on special problems. In this connection, I mention particularly Mr. Albert W. Marble, Managing Director, and Mr. C. J. McLanahan, Director of Training.

TABLE OF CONTENTS

		Page
ACKNOWLEDGMENTS		ii
LIST OF TABLES		iv
Chapter I.	INTRODUCTION	1
II.	SELECTION OF THE MORE AND LESS SUCCESSFUL CREDIT UNIONS	7
III.	ORGANIZATIONAL ASPECTS OF CREDIT UNION SUCCESS	15
IV.	CHARACTERISTICS OF CREDIT UNION LEADERS	29
V.	GROUP PARTICIPATION OF CREDIT UNION LEADERS	44
VI.	GROUP COHESIVENESS AMONG CREDIT UNION LEADERS	54
VII.	UNIFORMITY OF LEADERS' OPINIONS AND ATTITUDES	71
VIII.	AUTHORITARIANISM OF CREDIT UNION LEADERS	83
IX.	SUMMARY OF FINDINGS	87
APPENDICES		90
	Appendix A	91
	Appendix B	96
	Appendix C	132
	Appendix D	135
	Appendix E	139
BIBLIOGRAPHY		142

LIST OF TABLES

Table		Page
I.	Experts' Ratings of Index Items	10
II.	Means and Levels of Significance on Index of Success	13
III.	Limitations on Size of Loans	17
IV.	Treasurers' Perceptions of the Qualifications of Applicants for Loans	18
V.	Maximum and Minimum Length of Time Loan Applicant Must Wait for his Check	20
VI.	Services Rendered to Members	22
VII.	Number of Committee Meetings During 1955	24
VIII.	Payment of a Dividend in 1955	26
IX.	Sex of Leaders	30
X.	Age of Leaders	31
XI.	Educational Level of Leaders	32
XII.	Income of Leaders	34
XIII.	Length of Membership in this Credit Union	36
XIV.	Length of Time in the Credit Union Movement	37
XV.	Political Party Support of Leaders	40
XVI.	Self-Perception of Leaders on a Liberal-Conservative Continuum	41
XVII.	Attendance at Chapter and League Activities	49
XVIII.	Membership in other Credit Unions	51
XIX.	Membership in other Types of Organizations	52

Table		Page
XX.	Scores on Libo Cohesiveness Scale	58
XXI.	Scores on the Seashore Cohesiveness Question .	61
XXII.	Number of Close Personal Friends in the Leadership Team	63
XXIII.	Number of Social Contacts in Leadership Team .	64
XXIV.	Importance of Belonging to this Credit Union Compared with Importance of Belonging to other Kinds of Organizations	66
XXV.	Reaction to Threat	67
XXVI.	Importance of Belonging to this Credit Union and the Credit Union Movement	69
XXVII.	Majority Responses on Six Issues	74
XXVIII.	Amount of Government Regulation Preferred by Credit Union Leaders	78
XXIX.	Responses to Question 18: "What Does the Term 'Common Bond' Mean to You?"	80
XXX.	Leaders' Perceptions of the Importance of the Common Bond	81
XXXI.	Leaders' Scores on the Rokeach Dogmatism Scale	85
XXXII.	Index of Success for Occupational Credit Unions .	140
XXXIII.	Index of Success for Non-Occupational Credit Unions	141

CHAPTER I

INTRODUCTION

A credit union is formed when at least seven persons with a common bond obtain a charter which enables them to pool their savings and to make loans to each other. The common bond includes people who belong to an identifiable element of the population, such as a church, labor union, an industrial firm, a bank, a school system, a community, or a cooperative society and the like. The first credit union started in Germany in the 1850's (7, p. 19). Today the credit union movement is world wide. On this continent the first credit union appeared in Quebec in 1900. In the United States the first credit union was organized in in New Hampshire in 1909.

Michigan's first credit union was founded in 1925. There are more than 21, 000 credit unions in North and Central America today with a membership of more than 9, 930, 000, controlling assets of more than three billion dollars (12). Credit unions own and operate the 27th largest life insurance company in the United States, CUNA Mutual, with assets of more than two billion dollars. Growth of the movement has been rapid since World War II, especially in the urban-industrial areas. During the past three years an average of two credit unions per week have been organized in Michigan (31, 33).

Over 500, 000 Michigan citizens own and operate more than

nine hundred credit unions with assets totalling in excess of one hundred eighty million dollars. The scope of their activities is also increasing. Credit unions are achieving acceptance as an enduring and prominent part of the American social and economic scene. Many credit union leaders are beginning to be concerned not only with the bread-and-butter questions of savings and loans, but also with broader economic, social, and political issues. The rapid growth of credit unions and their potential social and economic influence make them a suitable object for research.

The Credit Union in Context

Preparatory to considering the research design, a number of statements of fact about credit unions are presented:

1. The basic purpose of the credit union is to improve the economic welfare of its members.

2. A secondary yet highly important goal is to improve the broader social welfare of its members and society generally.

3. The credit union is a representational or membership organization. Membership is voluntary. Participation of any kind is a matter of individual choice.

4. Operation of the credit union is delegated by the membership to an elected leadership team: the board of directors, the credit committee, and the supervisory committee. Recently the educational committee is seen to have more responsibility in credit union development.

5. Thus, the credit union is similar to other organizations of the cooperative movement since it is both an economic institution and a voluntary membership organization, democratically controlled and operated by its members.

6. The most active members of the credit union are the elected leadership team: the board of directors, which is responsible

for overall operation of the credit union; the credit committee, which is responsible for approving loan applications; and the supervisory committee, which is responsible for auditing the books. There is no activity which imposes the necessity for mobilizing the membership generally. In recent years the educational committee, appointed by the president of the local credit union, has become more active in its responsibility to promote and educate potential and actual members.

7. In the credit union's environment are many other groups, organizations, and institutions. Communication and interaction with these other groups is "standard operating procedure." The local credit union interacts with the company or other sponsoring organizations, with the credit union state-wide association, with the national association, with other credit unions, with governmental chartering agencies, with its competitors in the consumer credit industry and with other community, state, and national groups and organizations.

8. The credit union is an organization primarily of adults. Its purpose is essentially that of enabling individuals to help themselves better manage their personal financial and economic affairs. Promotion through education is the primary method used to encourage membership in the credit union. Leadership training at the state, chapter, and local levels is conducted through adult education programs.

Credit Unions, Adult Education, and Group Dynamics

Since the early studies of Thorndike, the adult education movement, especially in North America, has been studying the interests, needs, and motivations of adults who attend classes or belong to organizations. Particularly since World War II there has been increasing concern with the motivations and interests of the leadership of adult organizations and institutions. This study is seen as a continuation of this latter concern.

Even before adult educators became interested in studying

themselves, social scientists, psychologists primarily, were investigating the elements of leadership and the development of groups. Although literature about leadership and group life emerged much earlier, the systematic study of groups appears to be a product of the past twenty-five years (11, p. ix).

As an interaction system the group is currently being considered in a number of ways: its communications network; its cohesiveness; the pressures, norms, and standards within it; its goals and movement towards or away from them; its structural properties, including the dynamics of power within it; and a variety of aspects of its leadership. Social psychologists are gradually developing a body of knowledge which in time may construct a science of group dynamics with practical as well as theoretical import.

This study will examine certain social psychological aspects of a selected sample of credit unions which enjoy greater and lesser degrees of success. Two fundamental questions are asked in this investigation: (1) what is the more successful credit union as an economic institution like, and how does it differ from the less successful credit union, and (2) does the leadership team of the more successful credit union differ on certain dynamic variables from the leadership team of the less successful?

Much has been written about American credit unions, especially during the past two decades. A number of descriptive statistical studies of credit unions in other states have been published as masters and doc-.

toral theses, books, periodicals, and magazine articles. Continuing systematic statistical study of credit unions over a period of years may be attributed mainly to two persons: Dr. John T. Croteau, Professor of Economics, Notre Dame University, and Mr. Erdis W. Smith, Chief of Division of Programs and Reports, Bureau of Federal Credit Unions, Department of Health, Education and Welfare, Washington, D. C.

A considerable volume of promotional literature has been printed and continues to flow in ever-increasing quantities from the press of the Credit Union National Association in Madison, Wisconsin, from the various state-wide leagues, and from individual credit unions. As far as is now known, this is the first study of its kind to attempt to define credit union success and then to investigate aspects of leadership among more successful and less successful credit unions.

Scope of this Investigation

This study is designed to explore some of the differences between more and less successful credit unions in Michigan which are members of the Michigan Credit Union League. League members comprise more than 93 percent of all the credit unions in the state. The first objective is to select a sample of more and less successful credit unions. The second is to examine these two groups for differences in three areas:

1. Organization and management differences.
2. Personal differences among the leaders.
3. Differences in selected socio-psychological variables. Four

hypotheses are to be tested relating to (1) participation, (2) cohesiveness, (3) uniformity of opinions and attitudes regarding standards relevant to credit unionism, and (4) authoritarianism.

Chapter II presents the development of an index of credit union success as measured by economic criteria, with which ten more successful and ten less successful credit unions are selected for further study. An investigation of the differences between these two groups of credit unions may be found in chapters III through VIII. Chapter IX contains a summary of the thesis.

Caution is suggested with regard to interpretation of the present findings. The aim of this investigation is to explore differences between selected groups of credit unions in Michigan which are members of the Michigan Credit Union League. Normative data about the American credit union movement are not being collected, although generalizations may be valid for credit unions in Michigan.

CHAPTER II

SELECTION OF THE MORE AND LESS SUCCESSFUL CREDIT UNIONS

This chapter presents the development of an index of credit union success and the selection of ten more and ten less successful credit unions in accordance with it. The five steps involved will be considered in the order of their occurrence:

1. The collection of all the possible indicators or factors of credit union success.
2. The selection of specific items from this list and the development of an index of credit union success.
3. The verification of the items to be used in the index by a panel of credit union authorities.
4. The validation of the index by correlating the index's ratings of a group of forty-three credit unions with the global ratings of credit union experts.
5. The selection of ten more successful and ten less successful credit unions for further study in accordance with the index.

Selecting the Factors of Success

"What is credit union success?" "How do the more successful credit unions differ from the less successful?" These questions are being discussed in a pragmatic fashion by credit union publications. This is apparently the first study to isolate various elements of credit union effectiveness, to establish an index of success from these elements,

and to rate credit unions in accordance with such an index. Factors of success were selected from credit union literature. National, state, and local credit union leaders were asked to indicate what they felt were the essential constituents of success. The result was a twenty-page listing of factors of credit union effectiveness. In order to isolate those elements which should be examined further, members of the professional staff of the Michigan Credit Union League[1] indicated the priority which they would give each item on a three-step scale: "1" the most important element of success, "2" the next most important element, and "3" the least important. Some items were left unmarked, denoting that they should not be used in judging effectiveness.

All items which received a "1," "2," or "3" rating were examined to determine if they could be quantified and measured, using the following methods of data collection: (1) examination of the monthly credit union statistical reports, (2) an interview with credit union treasurers, and (3) a group interview with members of the credit union's elected leadership team, i.e., the board of directors, the credit committee, and the supervisory committee.

Eight items, all economic criteria of credit union effectiveness, were retained as an index of success:

---

[1]Henry Baker, Supervisor, Publications Department; Cecil Crews, District Manager of Field Services in Western Michigan; Robert Dolan, Field Supervisor; Kent Francis, Director of Publications; Earl Gaucher, Assistant Director of Field Services; C. J. McLanahan, Director of Training; Marvin Schwab, Field Representative; Louis Segadelli, Director of Public Relations.

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1. The ratio of the number of actual to potential members.
2. The ratio of the number of borrowers to members.
3. The ratio of the amount of unpaid loan balance to the amount of shares.
4. The ratio of the amount of expenses to income.
5. The ratio of net earnings to income.
6. The ratio of net earnings to shares.
7. The average amount of shares per member.
8. The average amount of loans per member.

Figures to compute these items were obtained from the monthly credit union statistical report in the files of the Michigan Credit Union League as of the last day of September, 1953. All items on the index were considered important indicators of success by members of the League staff. To avoid any possible bias, further verification of the importance of these items was desirable. Accordingly, a panel of twenty-eight additional experienced credit unionists, eighteen from Michigan and ten from nine other states, was selected by Mr. Albert Marble who has gained wide knowledge of credit unions and credit unionists throughout the world during the twelve years that he has been Managing Director of the Michigan Credit Union League.

The list of authorities and the questionnaire which was sent them may be found in Appendix A. The composite ratings of these twenty-eight experts appear in Table I.

Scoring was computed on a five-point scale; from "very much" essential or important to credit union success received 5 points, "quite

a bit" - 4, "some" - 3, "only a little" - 2, and "not at all" important received 1 point. No item received a score of less than 3.81, or slightly below quite important. Selected credit union authorities appear to consider all items on the index as important indicators of credit union effectiveness.

TABLE I

EXPERTS' RATINGS OF INDEX ITEMS

Index Item	Mean Ratings of 28 Experts
1. Ratio of actual to potential members	4.44
2. Ratio of borrowers to members	4.44
3. The average amount of loans per borrower	3.81
4. The average amount of shares per member	4.25
5. The ratio of unpaid loan balance to amount of shares	4.20
6. The ratio of expenses to income	4.25
7. The ratio of net earnings to income	4.00
8. The ratio of net earnings to shares	3.96

Four of the eight items were excluded from the index at this point for varying reasons.[1] Subsequently, two items were added to the

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[1] Data for computation of the ratio of unpaid loan balance to shares were found to be unavailable in many cases in the statistical reports. After further reflection, it was not clear what the ratio of net earnings to income would indicate in terms of success. The average amount of shares and the average amount of loans were excluded because it was felt that they were not stable indicators of success since they tend to vary with the age and the size of the credit union. The age of the credit union and its size, measured by the number of members, do not appear

index.[1] Thus, the index now contains six indicators of credit union success, all ratios:

1. Of actual to potential members.
2. Of borrowers to members.
3. Of expenses to income.
4. Of net earnings to shares.
5. Of average size shares to optimum size shares.
6. Of number of delinquent loans to total number of loans outstanding.

The range of scores on four items of the index were placed in five levels of success from "way above average" to "way below average." The ratings for each credit union on these items were added together and divided by 4 (the number of items). Thus a mean rating for each credit union was obtained. This is referred to as the index rating of the credit union. For details of the index see Appendix E.

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to be factors of success in the remaining items of the index.

[1]The ratio of delinquent loans to the total number of loans was rated as an important indicator of success but the availability of the data to compute the ratio was not apparent until after the original eight items were compiled. Experienced credit unionists indicate that there is a "rule of thumb" for measuring the growth of share holdings. Share holdings should, for optimal growth, increase $50.00 per member for each year of age of the credit union. In twenty years, share holding might be expected to level off at about $1,000.00 per member. The optimum size share, then, is the age of the credit union, measured in years, multiplied by $50.00. The average size share is the amount of the share balance divided by the number of members. The difference between the two, divided by the optimum size share, is called the ratio of average size share to optimum size share. This figure is usually written with a minus sign, thus -.09. The closer the figure comes to being .00 or above, e.g., +.09, the nearer the credit union is to having optimum size share holdings, and the more successful it may be considered. A twenty-year old credit union with an average size share figure of $750 will have a ratio of average to optimum size share of -.25 (1,000 minus 750 equals -250; -250 divided by 1,000 equals -.25). A twenty-year old credit union with an average size share of $1,250 will have a ratio of average to optimum size share of +.25.

Validation of the Index

A standard procedure was used to validate the index. Judgments about a selected group of credit unions by a panel of experts were correlated with the rating of the index.

Twenty credit unions were rated by the index as highly successful, twenty as highly unsuccessful, and three as about average. Eight staff members of the Field Services Department of the Michigan Credit Union League[1] and Mr. Albert Marble were selected to rate these credit unions inasmuch as they were the most likely persons to be acquainted with them. The criterion of judgment was global. A five-point scale was used with "Way above average" receiving a score of 5, "Above average" - 4, "Average" - 3, "Below average " - 2, and "Way below average," a rating of 1. Composite ratings were obtained by both the index's and the experts' ratings.

Statistical analysis reveals a Pearson r coefficient of correlation of +.67 with a standard deviation of .15. The curvalinear coefficient Eta, is .62 with a standard deviation of .09. The correlation is positive. For the purpose of this study it is felt that the index is a valid instrument.

Selection of Credit Unions for This Study

To gather further evidence on the meaning of these measures and to see how well each item on the index distinguished between the more and less successful as judged by the total index, ten more and ten less

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[1]Richard Brosey, Harry Carnarvan, Clare Camstra, Cecil Crews, Robert Dolan, Jack Dublin, Earl Gaucher, and Louis Zondervan.

successful credit unions were selected for further examination. The extreme distributions, the ten highest and the ten lowest, were secured.[1] Before data on the differences between these groups are examined in the following chapters, the reader may be interested in seeing how the index differentiates each of the component items.[2] Table II presents the means for these two groups on the six items of the index. The levels of significance of the difference between the means, as measured by Fisher t, are shown.

TABLE II

MEANS AND LEVELS OF SIGNIFICANCE ON INDEX OF SUCCESS

Ratios	Means: Ten More Successful Credit Unions	Means: Nine Less Successful Credit Unions[a]	P
1. Actual to potential members	.68	.16	.01
2. Borrowers to members	.52	.32	.01
3. Expenses to income	.47	.79	.05
4. Net earnings to shares	.037	.015	.01
5. Average size to optimum size shares	-.09	-.69	.01
6. Number of delinquent loans to total number of loans	.06	.21	.05

[a]One of the less successful groups declined to participate in the study too late to invite another to participate.

[1]Five of the ten credit unions in each group are of the occupational type and five are of a non-occupational common bond.

[2]The meaning of the items is given in Appendix E.

The differences between the more and less successful credit unions are significant and noticeable.

Chapter II has considered the selection of the factors of credit union success, the development of an index of success from them, and the selection of two groups of more and less successful credit unions in accordance with the index. Chapter III will present differences between the two groups in regard to the organizational aspects of credit unions.

CHAPTER III

ORGANIZATIONAL ASPECTS OF CREDIT UNION SUCCESS

Chapter II has presented the development of an index of credit union success based on economic criteria and the selection of two groups of more and less successful credit unions in accordance with it. Chapter III will present the organizational differences between these two groups. These differences are basically economic in character, but are not part of the index. They will be considered in the following order:

1. Policies and practices which relate to borrowing.
2. Services rendered to members.
3. Committee activity.
4. Payment of a dividend and interest refund.

Two questionnaires were designed as data collection instruments from standard models. A personal interview with a Treasurer's Fact Finder obtained information about policies and practices which the credit union utilizes. An interview with the leadership of each credit union as a group employed a Leaders' Opinionnaire to secure opinions and attitudes. These devices appear in Appendix B.

Loan Policies and Practices Related to Success

Service to members in the area of borrowing is probably a basic element of credit union success. Interest paid on loans provides the

major source of the credit union's income. Policies and practices which enable members to borrow in confidence and without undue delay are apparently important factors also. Four aspects of loan policies and practices which have been selected as factors which may have a relationship to success will now be considered: the extent to which the size of the loan is limited, the qualifications which applicants for loans must have, the maximum and minimum waiting periods an applicant must wait before receiving his check, and the length of the repayment period.

Limitations on the size of loans. --Credit union loans are classified as secured or unsecured, i.e., those loans for which security or collateral is required and those loans for which no security is needed. Michigan and federal law do not permit credit unions to make unsecured loans in excess of four hundred dollars. Table III presents the limits as to amount which the more and less successful credit unions place on loans. The more successful credit unions appear to place fewer limitations on the size of loans to their members. In both instances of secured and unsecured loan limits the more successful groups permit the maximum loans. The difference between the two groups for the unsecured loans is not statistically significant. The difference for secured loans is significant at the .04 level. [1]

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[1] $x^2 = 4.229$; 1 df; P = .04. The usual test of the significance of the difference between the two groups in this study is chi square (x^2). Chi square statistically tests the null hypothesis that there is no difference between the two groups under investigation. In computing chi square the assumption is made that the two groups arose by random sampling from the same population. The question under consideration is the extent to which the distribution of cases in each cell depart from random

TABLE III

LIMITATIONS ON SIZE OF LOANS

Type and Amount of Loan	Ten More Successful Credit Unions	Nine Less Successful Credit Unions
Unsecured loans		
$250-$300	1 (10%)	4 (44%)
$400	9 (90%)	5 (55%)
Secured loans		
Do not make secured loans	-	1 (11%)
$300	-	1 (11%)
$1, 000-$1, 500	1 (10%)	4 (44%)
$3, 000	1 (10%)	-
No limit	8 (80%)	3 (33%)

Qualifications of loan applicants. --The treasurers of each credit union were asked to give their perceptions of the qualifications which the credit committee requires of loan applicants. The data are not rigorously quantifiable, and, therefore, are not analyzed statistically. The data are presented in Table IV.

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or chance distribution, since this is the distribution called for by the null hypothesis. For the purpose of this study, if the difference obtained is at the 5 percent level or less, the difference is considered statistically significant. That is, the differences between the two groups could occur as a result of the sampling only once in twenty times (at the 5 percent level), or only once in one hundred times (at the 1 percent level), as the case may be. The upper case letter "P" indicates the probability or level of significance. The lower case letters "df" with a number before them indicate the number of degrees of freedom involved in the computation. Occasionally an analysis of variance or a Fisher t test will be used to test significance of differences. Unless otherwise noted, the test of significance used will be chi square.

TABLE IV

TREASURERS' PERCEPTIONS OF THE QUALIFICATIONS OF APPLICANTS FOR LOANS

Qualifications	Number of Treasurers Who Responded: Ten More Successful Credit Unions	Nine Less Successful Credit Unions
Character	6	3
Does applicant have a job?	1	1
Seniority in the company--probationary period	4	5
Ability to repay	2	6
Credit rating	2	4
Collateral	2	1
Length of residence	1	2
Family status	-	1
Past loan repayment history	-	2
Length of time in credit union	-	1
Kind of need	-	1
Can he consolidate his debts?	1	1
Can he save at same time he repays the loan?	-	1

The questions and responses were open-ended. It is interesting to note the more conservative character of the less successful groups' responses. As the result of this free-association, respondents mentioned that "character" is a major consideration in six more successful credit unions and in three of the less successful groups; "Credit rating" was given as an answer in four less successful groups and in two more successful groups; "ability to repay" was mentioned in six of the less

successful groups as compared to only two of the more successful groups. Other replies were given by only one or two credit unions in each group. We should not infer from this that all or none of the groups whose respondents gave or did not give a particular response follow any given policy or practice in establishing criteria for making loans to members. These were the perceptions of the treasurer of each group. The replies are of interest in that they indicate the priority of concern which the key leader of the group feels is the practice or policy of his organization.

Maximum and minimum waiting period for loan check. --Speed of service to members may be gauged by determining the maximum and minimum waiting period a loan applicant must wait before receiving his check. It was predicted that the more successful credit unions would have more rapid loan service. Table V presents the data which indicate the maximum and minimum waiting periods of the two groups.

As far as the maximum waiting period is concerned, the difference between more and less successful credit unions in our sample is not significant, but is again in the expected direction. The less successful groups have longer maximum waiting periods.

Eight of the more successful groups stated that one day was their minimum waiting period before a loan check could be given to the applicant; six of the less successful indicated that they could process an application in this period of time also. The difference between the two groups with minimum waiting periods of one day or less and more than one day is significant at the .05 level. [1]

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[1] $x^2 = 4.122$; df = 1; P = .05.

TABLE V

MAXIMUM AND MINIMUM LENGTH OF TIME LOAN APPLICANT MUST WAIT FOR HIS CHECK

	Ten More Successful Credit Unions	Nine Less Successful Credit Unions
Maximum waiting period		
1 day	3 (30%)	0
2-3 days	2 (20%)	4 (44%)
4-5 days	4 (40%)	1 (11%)
7 days	1 (10%)	4 (44%)
Minimum waiting period		
1 hour	1 (10%)	0
Same day	1 (10%)	0
1 day	8 (80%)	6 (67%)
2-5 days	0	3 (33%)

More successful credit unions appear to provide more rapid loan service to members. This may be one of the fundamental differences between the two groups. The more rapid the service, the more service can be provided. The result will be more loans from which more income is available. With more income to work with, the credit unions can provide more services. A cycle leading to further success is thus established.

Length of loan repayment period. --Another indication of service to members is the maximum length of time the credit union permits for loan repayment. The maximum legal limitation for repayment period for federal credit unions is thirty-six months. State-chartered credit

unions have no such limitation. Although 30 percent of the more successful and 22 percent of the less successful credit unions are state chartered, 80 percent of the more successful and only 33 percent of the less successful have thirty-six month maximum loan repayment periods. The remainder have repayment periods of less than this, from fifteen to thirty months. These differences are significant at the .05 level. All credit unions in both groups permit extensions of loans through refinancing. The more successful group is pictured as having more liberal loan-service policies by favoring higher loan limits, shorter maximum and minimum waiting periods for loan checks, a longer loan repayment period, and more liberal qualifications for loan applicants.

Other Services to Members as Factors of Success

Continuing the presentation of differences between the two groups, the more successful groups were expected to render more services to their members than the less successful credit unions. Table VI presents some of the kinds of services, aside from the basic loan and savings accounts, which credit unions render their members.

Payroll deductions, or check-offs, are considered by many credit unionists to insure success of the credit union. If this be the case, the fact that five of the more successful credit unions offer this service would appear to corroborate this assumption. Such deductions permit collections of share and loan payments at a minimum effort on the part of the credit union staff. While payroll deductions are not painless to

the member, they involve considerably less effort than a weekly or monthly trip to the credit union office to invest in shares or to pay on a loan.

TABLE VI

SERVICES RENDERED TO MEMBERS

Service	Ten More Successful Credit Unions	Nine Less Successful Credit Unions
Payroll deductions	5 (50%)	2 (22%)
Cash checks	8 (80%)	3 (33%)
Postage stamps for sale	1 (10%)	0
Money orders for sale	2 (20%)	0
Christmas and Vacation Club	2 (20%)	2 (22%)
Counselling services on budget	2 (20%)	1 (11%)
Auto insurance information	4 (40%)	2 (22%)
Fire insurance information	2 (20%)	0
Auto value analysis	2 (20%)	1 (11%)
Real estate advice	1 (10%)	1 (11%)
Income tax help	0	1 (11%)
Discount buying information	4 (40%)	2 (22%)
Recapitulation: Number of services other than payroll deductions:		
No other services	0	3 (33%)
1 - 3 services	5 (50%)	3 (33%)
4 - 6 services	5 (50%)	2 (22%)
Not ascertained	0	1 (11%)

The more successful credit unions appear generally to offer more services to members than do the less successful groups.

Committee Activity as a Factor in Success

Three elected committees operate to serve the local credit union: the board of directors, the credit committee, and the supervisory committee. Differences in the size of these committees between the groups are not statistically significant; however, it appears that in the area of direct service to members, the more successful groups tend to involve more members in the boards of directors and the credit committees. The majority of both groups have seven- to nine-member boards of directors. Two of the more successful and none of the less successful groups have eleven to fifteen members on their boards. Two of the less successful and none of the more successful credit unions have four- to five-member boards. The credit committee approves the loans made in a credit union. It is the most active committee, meeting as often as once a day in some credit unions. The majority of both groups have three-member credit committees; four of the more successful and only one of the less successful have five-member credit committees.

The need for committees of adequate size to do the work efficiently is important in all organizations which depend upon committees for the motive power to maintain the existence of the organizations. The optimum size of any committee depends to some extent on the work load it has. Also, in a voluntary membership organization, such as the credit union, the spread of participation among the membership may be a factor to consider in determining the size of committees. Our data do not indicate one way or the other the optimum size of committees. The fact that

the more successful credit unions in our sample tend to have slightly larger boards of directors and credit committees, which may be due to the greater volume of business, may offer a clue in this direction. Further research along these lines might prove profitable.

Number of committee meetings. --The extent of activity within the various committees was measured by the number of meetings conducted during the year 1955. Table VII presents this information.

TABLE VII

NUMBER OF COMMITTEE MEETINGS DURING 1955

Type of Committee and Number of Meetings	Ten More Successful Credit Unions	Nine Less Successful Credit Unions
Board of Directors		
1 per month (regular)	10 (100%)	9 (100%)
6 or more special meetings per year	2 (20%)	1 (11%)
3 - 4 special meetings per year	4 (40%)	3 (33%)
1 - 2 special meetings per year	2 (20%)	2 (22%)
0 special meetings per year	2 (20%)	3 (33%)
Credit committee		
2 or more per week	7 (70%)	0
Less than 2 per week	3 (30%)	9 (100%)
Supervisory committee		
6 - 16 meetings per year	5 (50%)	1 (11%)
3 - 5 meetings per year	5 (50%)	8 (88%)

Little difference between the number of board of directors' meetings, regular and special, was noted.

Seven of the more successful credit unions held two or more credit committee meetings per week. In fact, two groups indicated that at least one credit committee meeting per business day was held. None of the less successful groups held this many credit committee meetings during the past year. All nine of the less successful groups held an average of one and a half or less meetings per week; two of this group held an average of less than one credit committee meeting per week. Three of the more successful credit unions convened fewer than two but not less than one credit committee meeting per week. These differences are significant at the .01 level.[1] Service to members is reflected in the number of credit committee meetings which are convened. Probably more important than any other factor relating management services to success may be the extent to which loan service is readily available to members.

It is also interesting to note that a greater proportion of the more successful credit unions' supervisory committees met more frequently than did supervisory committees of the less successful groups. Four meetings of the supervisory committee are prescribed by law. Apparently the more successful groups expend more than the legally required amount of effort to maintain themselves in good working order. Although these differences are not significant at the 5 percent level, they are in the direction which favors the more successful credit unions, as

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[1] $x^2 = 9.9974$; df = 1; P = .01.

might be expected.[1]

The generally larger board and credit committees and the more active committees among the more successful credit unions appear to indicate that providing the appropriate amount of service to members to make a credit union successful requires more manpower and time than is legally required.

Payment of Dividends and Interest Refunds as Factors in Success

It is clear that payment of a dividend and an interest refund are results of credit union success. Dividend payments in 1955 are presented in Table VIII.

TABLE VIII

PAYMENT OF A DIVIDEND IN 1955

Percent Dividend Paid	Ten More Successful Credit Unions	Nine Less Successful Credit Unions
0	0	2 (22%)
1.0 - 1.9	0	2 (22%)
2.0 - 2.9	0	1 (11%)
3.0 - 3.9	6 (60%)	4 (44%)
4.0 - 4.9	2 (20%)	0
5.0	2 (20%)	0

[1] $x^2 = 3.3152$; df = 1; P = .07.

All of the more successful paid a dividend in 1955. Two of the less successful did not. None of the less successful paid a dividend over 3.6 percent; four of the more successful group did. Three of the less successful paid a dividend of less than 3 percent, while none of the more successful paid as low a rate. These differences, measured by analysis of variance with seventeen degrees of freedom, are significant at the 1 percent level.

Six of the ten more successful credit unions paid an interest refund to their borrowers ranging from 10 to 25 percent of the interest paid in 1955. Since none of the less successful credit unions provided an interest rebate, the difference is significant.

Credit unionists feel that dividend and interest rebate payments help to establish the cycle of success in that they are incentives to obtain new members.

Summary

Organizational characteristics for both groups of credit unions have been presented. The following differences are statistically significant in favor of the more successful credit unions:

1. A higher secured loan limit.
2. A shorter minimum waiting period for loan applicants.
3. A longer loan repayment period.
4. Two or more credit committee meetings per week.
5. A dividend payment of 3 percent or greater.
6. Payment of an interest refund.

The following differences are not statistically significant, but

tend to favor the more successful credit unions:

1. A maximum unsecured loan limit.
2. More liberal qualifications for loan applicants.
3. A shorter maximum waiting period for loan applicants, not in excess of five days.
4. A greater number of services to members.
5. Somewhat larger boards of directors and credit committees.
6. More board and committee meetings generally.

Chapter IV will present the differences on personal characteristics between the leaders of more and less successful credit unions.

CHAPTER IV

CHARACTERISTICS OF CREDIT UNION LEADERS

Chapter III presented differences in organizational characteristics between more and less successful credit unions. Chapter IV will present differences in personal characteristics between the leaders of these credit unions.

Sex, age, education, occupation, and income were chosen as personal data. Five other personal items were chosen as having a possible relationship with credit union success: (1) the length of time of association with the credit union, (2) the total number of years of association with the credit union movement, (3) the amount of reading of consumer credit literature leaders engage in, (4) the political party support of credit union leaders, and (5) the self-perception of the leaders on a liberal-conservative scale. Differences on these ten items will be considered in the order given above.

Sex

Eighty-nine percent of the more successful group's leaders are men and 11 percent are women. In the less successful credit unions, the proportion is 69 percent male to 31 percent female. The difference is significant at the 1 percent level.[1] These data appear in Table IX.

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[1] $x^2 = 10.8600$; 1 df; $P = .01$

TABLE IX

SEX OF LEADERS

Sex	106 More Successful Credit Unions' Leaders	74 Less Successful Credit Unions' Leaders With Teachers	65 Less Successful Credit Unions' Leaders Without Teachers
Female	12 (11%)	23 (31%)	15 (23%)
Male	94 (89%)	51 (69%)	50 (77%)

When the leaders of the educational employees' credit union, with nine women to one man, are removed from the less successful sample, the proportion of males rises to 77 percent, as seen in column 3 of Table IX. The difference between the more and less successful groups remains significant at the somewhat lower level of 5 percent. [1]

It appears that the more successful groups have more men in their leadership teams than women.

Age of Leaders

No significant differences between the two groups are found in relation to the age of their leaders. Table X presents this information.

The more successful credit unions have 9 percent more leaders over fifty years of age than do the less successful groups. The less successful groups have 9 percent more leaders in the forty-to-forty-nine

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[1] $x^2 = 4.1946$; 1 df; $P = .05$

year old category. Other differences between the two groups are 3 percent or less. The median age for both groups is in the forty-to-forty-nine year old classification. Age of leaders does not appear to relate to success.

TABLE X

AGE OF LEADERS

Age	106 More Successful Credit Unions' Leaders	74 Less Successful Credit Unions' Leaders
Under 20 years	1 (1%)	1 (1%)
20 - 29 years	6 (5%)	6 (8%)
30 - 39 years	32 (30%)	20 (27%)
40 - 49 years	26 (25%)	25 (34%)
50 - 59 years	34 (32%)	20 (27%)
60 years and over	7 (7%)	2 (3%)

Although credit unions have young men and women in their leadership teams, the majority of leaders are by no means youthful. The majority of leaders in the credit unions under consideration are more mature adults, who are in their forties and fifties. Credit union educational programs for leaders might consider this point in developing methods appropriate to the characteristics of this age group.

Educational Level of Leaders

The two groups of leaders do not differ significantly when educational level is considered. Data giving the amount of education completed are shown in Table XI.

TABLE XI

EDUCATIONAL LEVEL OF LEADERS

Education Completed	Number of 106 More Successful Credit Unions' Leaders	74 Less Successful Credit Unions' Leaders With Teachers	65 Without Teachers	1950 Census Percentages for Michigan Adults 25 Years of Age or Older[a]
Some grade school	5 (5%)	2 (3%)	(3%)	(19.4%)
Completed grade school	12 (11%)	5 (7%)	(7%)	(21.9%)
Some high school	26 (25%)	15 (20%)	(23%)	(20.6%)
Completed high school	29 (27%)	25 (34%)	(38%)	(21.9%)
Some college	17 (16%)	10 (14%)	(14%)	(6.9%)
Completed college	15 (14%)	15 (20%)	(11%)	(7.2%)
Not ascertained	2 (2%)	2 (2%)	(4%)	(2.1%)

[a]Census of Population: 1950, Bureau of Census, U. S. Department of Commerce, Volume II, Part 22 (Michigan), U. S. Government Printing Office, Washington. 1952.

The more successful credit unions appear to have more leaders with a college education than do the less successful groups, when the teachers' group is excluded from the sample, as revealed by column 4 in Table XI. Less successful credit unions appear to have more leaders who have completed high school than do the more successful groups.

The median educational level for both groups is "completed high school." This is considerably higher than the median for adults twenty-five years of age or older in the State of Michigan (9.9 years of school) and for the same group of urban residents in Michigan (10.2 years of school). The average credit union leader appears to have had more formal schooling than the average adult in Michigan.

Amount of education of the leaders does not appear to be related to differences in credit union success. Nevertheless, a clue for preparation of credit union educational programs and materials is present in these data, e.g., while the reading level of more than half of the leaders is twelfth grade and above, 40 percent of the leaders may not have achieved this level of reading comprehension.

Income of Leaders

The differences of income between the two groups of leaders are slight. The midpoint for both groups is at the $5,000.00 to $7,499.00 level. This compares favorably with the findings of the Detroit Area Study which lists the median income for families of Detroit as $5,700.00 in 1955.[1] Table XII presents data indicating the level of income.

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[1]Detroit Area Study, "Family Income in the Detroit Metropolitan

TABLE XII

INCOME OF LEADERS

Income	106 More Successful Credit Unions' Leaders	74 Less Successful Credit Unions' Leaders
0 - $4,999	33 (31%)	23 (31%)
$5,000 - $7,499	52 (49%)	35 (47%)
$7,500 - $9,999	12 (11%)	5 (7%)
$10,000 and over	6 (6%)	5 (7%)
Not ascertained	3 (3%)	6 (8%)

Income of the leaders does not appear to relate to success.

Occupation of Leaders

In order to determine the occupation of the leaders, respondents were asked to indicate the title of the positions or jobs at which they earned the major portion of their incomes. Analysis was limited to three categories: blue collar, white collar, and housewife.[1] Differ-

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Area: 1954-55." Ann Arbor: Survey Research Center, University of Michigan. Bulletin #1127, Project 827, June 29, 1956, p. 1.

[1] Definitions were arbitrarily assigned as follows: "white collar" indicates office workers, clerks, salesmen, professional workers, credit union employees, and the like; "blue collar" signifies persons who work in a factory on the line, such as, toolmakers, mechanics, laborers, electricians, machine operators, machinists, and the like, as well as truck drivers, milk route men, and so on; "housewives" are homemakers with no other occupation.

ences are slight. Both groups have 59 percent of their leaders in white collar positions. Blue collar positions are indicated by 36 percent of the more successful groups' leaders and 33 percent of the leaders of the less successful groups. Housewives comprise 2 percent and 4 percent of the more and less successful credit unions' leaders, respectively. Three percent of the more successful groups' leaders and 4 percent of the less successful credit unions' leaders did not answer the question. The leaders' type of occupation as defined below does not appear to relate to credit union success.

Length of Membership in this Credit Union

It was expected that the more successful leaders would be members of longer standing in their own credit unions than the less successful groups' leaders would be. Table XIII presents the data concerning length of membership in the credit unions under consideration.

The difference between the two groups in the length of time the leaders have been associated with the credit unions under consideration is not significant. In the five- to nine-years' category fall a greater proportion of the leaders of the more successful credit unions. However, if all the leaders in both groups are considered in the after five-years' categories, there is

TABLE XIII

LENGTH OF MEMBERSHIP IN THIS CREDIT UNION

Number of Years	106 More Successful Credit Unions' Leaders	74 Less Successful Credit Unions' Leaders
Less than 1 year	12 (11%)	8 (11%)
1 year	6 (5.5%)	4 (5%)
2 years	6 (5.5%)	7 (9%)
3 - 4 years	18 (17%)	17 (23%)
5 - 9 Years	44 (42%)	24 (32%)
10 years or more	16 (15%)	14 (19%)
Not ascertained	4 (4%)	0

only a 6 percent difference in favor of the more successful groups. Thus, there is a very slight tendency for the leaders of the more successful groups to have longer memberships.

Length of Time in the Credit Union Movement

The length of time the leaders have been associated with any credit unions, including the credit unions under consideration in the present

study, is referred to as length of time in the credit union movement. No prediction was made with regard to this question. However, it is interesting to note that while, on the one hand, differences in the length of membership in the credit union under consideration do not appear to be significantly related to success, on the other hand, differences in the length of time in the credit union appear to be significantly related to success at the 3 percent level. [1]

Table XIV presents data showing the length of time leaders of more and less successful credit unions have been members of the credit union movement.

TABLE XIV

LENGTH OF TIME IN THE CREDIT UNION MOVEMENT

Number of Years	106 More Successful Credit Unions' Leaders	74 Less Successful Credit Unions' Leaders
Less than 1 year	11 (10%)	5 (7%)
1 year	3 (3%)	3 (4%)
2 years	3 (3%)	7 (9%)
3 - 4 years	15 (14%)	19 (26%)
5 - 9 years	48 (45%)	26 (35%)
10 years or more	26 (25%)	13 (18%)
Not ascertained	0	1 (1%)

[1] $_{x}^{2} = 4.996$; 1 df; P = .03 (est.)

In the more successful groups, 70 percent of the leaders have been associated with credit unions five years or more, compared to 53 percent of the less successful groups' leaders. It appears that the more successful credit unions draw on more experienced credit unionists in building and maintaining themselves as effective organizations.

While the previous section indicated no significant difference between the two groups in the length of time a leader had been a member of the credit union, more successful credit unions appear to look for more experienced credit unionists generally to elect to their leadership teams.

Professional Reading Habits of Leaders

Leaders were asked whether they subscribed to, or looked at frequently, four consumer credit publications; two are official credit union magazines and two are consumer finance association magazines.[1]

It was expected that leaders of more successful credit unions would tend to read more professional literature generally. Little difference was noted between the groups on whether or not they read Contact and the national and state consumer finance publications. A highly significant difference, at the .0001 level, in favor of the more successful credit unions' leaders is noted in the reading of The Credit Union

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[1] The Credit Union Bridge, the official organ of the Credit Union National Association; Contact, the official monthly magazine of the Michigan Credit Union League; The Michigan Consumer Finance Bulletin and The National Consumer Finance Bulletin.

Bridge, the national credit union magazine. Sixty-nine percent of the more successful and only 32 percent of the less successful leaders subscribe to or look at this magazine frequently. Also, 19 percent of the more successful and 11 percent of the less successful groups' leaders read other publications, such as the Wall Street Journal, the Kiplinger News Letter, and other credit unions' official organs. The reading of the Credit Union National Association's magazine appears to be significantly related to credit union success.

Political Party Support of Leaders

As part of the cooperative movement, the credit union is also perceived as being part of the liberal tradition in the United States. For this reason it was presumed that credit union leaders would probably include more Democratic Party supporters than Republicans. Information with regard to the political party support of the two groups of leaders appears in Table XV.

The major difference appears in the number of Republican Party supporters; 13 percent more of the more successful groups' leaders support the Republican Party than do the less successful groups. This difference is significant at the 10 percent level. [1]

According to a recent statement by Dr. Angus Campbell, the national average for party affiliation is three Democrats to two Republi-

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[1] $x^2 = 2.709$; 1 df; $P = .10$.

TABLE XV

POLITICAL PARTY SUPPORT OF LEADERS

Political Party	106 More Successful Credit Unions' Leaders	74 Less Successful Credit Unions' Leaders
Democratic Party	59 (56%)	46 (62%)
Republican Party	35 (33%)	15 (20%)
Other responses: "Neither," "Best man," "None"	8 (8%)	5 (7%)
Not ascertained	4 (4%)	8 (11%)

cans.[1] Further, Dr. Campbell states that Republicans tend to perceive themselves as more effective instruments of political action than do Democrats. Also, Republicans are generally people of higher social status than Democrats and are so perceived in many circles. The Republican Party is the party of the successful person or the person who wants to be successful or associated with success. Whether or not the greater number of Republicans in the more successful credit unions would tend to corroborate any of these statements, only further study will indicate. The speculation, in any case, is stimulating and provocative.

[1] Angus Campbell, "The Case of the Disappearing Democrats," New Republic, July 2, 1956. Pp. 12-15.

Self-Perception of Leaders on a Liberal-Conservative Continuum

In this section it is also presumed that credit union leaders probably consider themselves in the main liberal, rather than conservative. Table XVI presents the tabulation of answers to the question, "How do you usually characterize yourself in social and political matters?" A five-step scale from "Quite liberal" to "Quite conservative" was checked in response.

TABLE XVI

SELF-PERCEPTION OF LEADERS ON A LIBERAL-CONSERVATIVE CONTINUUM

Response	106 More Successful Credit Unions' Leaders	74 Less Successful Credit Unions' Leaders
Liberal total	52 (49%)	26 (35%)
Somewhat liberal	34 (32%)	11 (15%)
Quite liberal	18 (17%)	15 (20%)
Mid-way between liberal and conservative	17 (16%)	21 (28%)
Conservative total	31 (29%)	19 (26%)
Somewhat conservative	27 (25%)	14 (19%)
Quite conservative	4 (4%)	5 (7%)
Not ascertained	6 (6%)	8 (11%)

The total proportion of self-perceived conservatives in both the more and less successful credit unions is about the same. Also, more in each group consider themselves liberals. A greater proportion of the

more successful groups' leaders perceive themselves as being liberal in social and political matters. On the other hand, a greater proportion of the less successful groups' leaders perceive themselves as being at a midpoint between liberal and conservative. These two differences are significant at the 3 percent level. [1]

Leaders of more successful credit unions appear to perceive themselves as more liberal than do the leaders of less successful credit unions.

Summary

Differences on ten personal characteristics have been presented in Chapter IV. Four of these items appear to be related to credit union success: (1) there are fewer women in the more successful credit unions' leadership teams, (2) the more successful credit unions' leaders have been associated with the credit union movement for a longer period of time than have the less successful groups' leaders, (3) more successful credit union leaders subscribe to or frequently look at The Credit Union Bridge, official magazine of the Credit Union National Association, and (4) a higher proportion of the more successful credit unions' leaders perceive themselves to be liberal in social and political matters.

Age, educational level, occupation, level of income, political party support, and length of time as a member of the credit union under consideration do not appear to be related to credit union success.

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[1] $x^2 = 5.092$; 1 df; $P = .03$.

Chapter V will present differences in group participation between the more and less successful credit union leaders.

CHAPTER V

GROUP PARTICIPATION OF CREDIT UNION LEADERS

The principle of participation is of special importance to voluntary-membership organizations, such as credit unions. Participation is seen by social scientists as a broad area in which the overt behavior of human beings in groups may be observed, recorded, and interpreted. Participation is defined in a variety of ways, such as the amount and extent of membership in social groups, the type of roles members play in groups, the kinds of interaction which take place within groups, and so on. Kovner and Lahne refer to formal and informal aspects of participation in labor unions (24). Formal participation consists of membership in the group, attendance at meetings, voting at elections, and serving in office, and so on. Informal participation includes the discussion of the union and its activities in the plant or off the job where communication and decision making vital to the union often occurs. Further differentiation is made by Tannenbaum and Kahn between active and inactive labor union members, those high and low in member participation (51).

The present study is confined to the most active credit unionists, the elected leadership team, i.e., members of the board of directors, credit, and supervisory committees.

The first hypothesis of this study, relating to group participation, is formulated on the assumption that the more successful credit

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The present study is confined to the most active credit unionists, the elected leadership team, i.e., members of the board of directors, credit, and supervisory committees.

The first hypothesis of this study, relating to group participation, is formulated on the assumption that the more successful credit

unions' leaders will be more highly motivated to participate and, therefore, will engage in credit union activities to a higher degree than the leaders of less successful credit unions.

Hypothesis I. --Leaders in the more successful credit unions will tend to be more active participants in credit union activities than will the leaders of less successful credit unions.

Four measures of activity in credit unions are presented:

1. Attendance at local board and committee meetings.
2. The number of board and committee meetings conducted in in 1955 at which quorums were required.
3. Attendance at chapter and league activities.
4. Membership in other credit unions.

Membership in other types of organizations, a standard sociological measure, is also included as a fifth measure of group participation.

Questions in the Treasurer's Fact Finder secured information for item 2, the actual number of meetings which the board and committees conducted in 1955. Questions in the Leaders' Opinionnaire obtained information for the remaining four items. All questions were direct, inquiring whether or not the respondent had attended various activities, belonged to various types of organizations, the number of meetings actually conducted, and the like. Data will be presented in the order given above.

Attendance at Local Meetings

The total number of local credit union meetings which the lead-

ers said they attended varied considerably. In some cases, it was greater than the number of meetings which the treasurer had indicated were actually held. It was not possible to develop a reliable ratio of actual to potential meetings, which was the original intention. However, for a rough comparison, the total number of local meetings which the leaders said they attended were added together and divided by the total number of respondents. For all local board and committee meetings, the more successful credit unions' leaders attended an average of 32.85 meetings during the past twelve months; the mean for the less successful groups leaders was 20.65. The medians for each group were 27.1 and 23.2, respectively.

It was expected that a higher porportion of leaders of the more successful credit unions would be more likely to attend the annual meetings of their own credit unions than would the leaders of the less successful credit unions. This was not the case. In fact, 86 percent of the leaders of the less successful credit unions attended their own annual meetings, compared to only 80 percent of the leaders of the more successful groups. The difference is not significant, however. Credit union leaders' attendance at their own annual meetings apparently is not related to credit union success.

In the aggregate, the number of local board and committee meetings which the leaders attended is somewhat greater for the more successful groups than for the less successful. On the other hand, the leaders of the less successful groups attended their own regular

annual meetings to a greater extent than did the leaders of more successful credit unions. As a measure of participation, the aggregate score of all board and committee meetings is more likely to indicate the true difference between the more and less successful groups' leaders than is the single measure of attendance at the local annual meeting.

Number of Board and Committee Meetings Conducted during 1955

Board of directors' meetings. --Data for this section were originally presented in chapter III. One regular meeting per month is the legal requirement for boards of directors. Both groups conducted the legally required number of regular board meetings. Both groups also conducted special meetings during the year. The median number of special meetings is three for the more successful group and two for the less successful. Although the more successful groups conducted more extra board meetings during the year, the difference is not significant. This measure of participation does not find a significant difference between more and less successful credit unions; however, there is some difference and it is in the expected direction, favoring the more successful credit unions.

Credit committee meetings. --More successful credit unions conducted more credit committee meetings in 1955 than did the less successful groups. This difference is significant at the 1 percent level. All of the more successful groups held at least one credit committee meeting per week. The majority held more than two per week, or more

than one hundred per year. None of the less successful groups held as many as two meetings per week. The majority of these groups held one, but less than two, per week. Three of the nine less successful groups held less than one credit committee meeting per week.

These findings would tend to support Bridewell's comment that the credit committee is a keystone of the credit union movement (10, p. 92). The credit committee's ability to meet the demands for loans with rapid efficiency appears to be vital. The more successful groups provide almost twice as much of this type of service to members as do the less successful credit unions.

Supervisory committee meetings. --While the credit committee is often seen as a major service arm of the credit union, the supervisory committee may be somewhat ignored. Half of the more successful credit unions held between six and sixteen supervisory committee meetings in 1955. Only one of the less successful groups is in this category. These differences are significant at the 7 percent level. Since the findings are in the direction which is hypothesized, i.e., favoring the more successful credit unions, a one-tail test increases the significance to 3.5 percent.

The supervisory committee's responsibility to audit the accounts is important. The job done well and systematically lends an atmosphere of confidence to the organization. This is especially true with financial institutions. It is clear that a higher proportion of the more successful credit unions realize that the legally-required quarterly meetings of the supervisory committee are not sufficient to do the work which is necessary

in this area of credit union management.

The above three measures of potential participation have been presented. Actual participation will now be considered.

Attendance at Chapter and League Activities

A significantly greater proportion of the more successful leaders participated in regional (chapter) and state-wide (league) activities than did the leaders of the less successful groups.[1] Table XVII presents this information.

TABLE XVII

ATTENDANCE AT CHAPTER AND LEAGUE ACTIVITIES

	104 More Successful Credit Unions' Leaders	73 Less Successful Credit Unions' Leaders
Number who attended either or both chapter and league meetings	84 (81%)	46 (63%)
Number who did not attend either	20 (19%)	27 (37%)

Almost twice as many of the less successful groups' leaders had no contact with the larger credit union movement, measured by attendance at state and regional meetings. Whether or not the maintenance of

[1] $x^2 = 6.9612$; 1 df; $P = .01$.

contact with people and ideas beyond the local or provincial group is a factor of success is not known.[1] The implications for chapter and league adult educational efforts are clear. Apparently such activities are related to more effective credit unions.

Membership in other Credit Unions

Forty-nine percent of the more successful and 40 percent of the less successful credit unions' leaders belong to other credit unions besides the one under consideration in this study. Also, a greater proportion of those leaders of more successful groups who belong to other credit unions belong to more credit unions than do the less successful groups' leaders. Table XVIII presents these data.

Although the differences are not significant, they lean in the expected direction in favor of the more successful groups' leaders.[2] Probably the value of belonging is more apparent to the more successful credit unions' leaders, for one reason or another. Future research might consider why leaders of more successful credit unions tend to belong to more credit unions.

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[1] However, experience at the University of Michigan indicates that community councils which have had some contact with other councils, or those whose leaders participated in the annual conferences of community councils, tended to be those councils which were the more active councils in terms of achievement in community action. These were the councils which were considered to be successful by the staff of the Community Adult Education Department.

[2] $_2x^2 = 1.2378$; 1 df; P = .13 (est.).

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[2] $x^2 = 1.2378$; 1 df; P = .13 (est.).

TABLE XVIII

MEMBERSHIP IN OTHER CREDIT UNIONS

Number of Credit Unions	51 More Successful Credit Unions' Leaders	30 Less Successful Credit Unions' Leaders
1	30 (59%)	21 (70%)
2	12 (23%)	5 (17%)
3 - 5	8 (16%)	3 (10%)
Not ascertained	1 (2%)	1 (3%)

Membership in other Types of Organizations

Membership and participation in community and social organizations is a standard sociological measure. A number of studies relate organizational membership to the class structure of society.[1] Belonging to community organizations is a status-maintaining mechanism which is used by upwardly-mobile people. Those in the lower and middle classes tend to become members of the most organizations. The voluntary membership type of organization plays an important part in the life of American communities. Findings of the present study indicate that credit union leaders are joiners. Table XIX presents these data.

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[1] L. A. Cook and E. F. Cook, A Sociological Approach to Education. New York: McGraw-Hill, 1950; and F. S. Chapin, Contemporary American Institutions. New York: Harper and Brothers, 1935.

TABLE XIX

MEMBERSHIP IN OTHER TYPES OF ORGANIZATIONS

Number of other Types of Organizations Leaders Belong to	106 More Successful Credit Unions' Leaders	74 Less Successful Credit Unions' Leaders
None	2 (2%)	2 (3%)
1 - 2	24 (23%)	14 (19%)
3	22 (21%)	20 (27%)
4 - 5	49 (46%)	17 (23%)
6 or more	9 (8%)	21 (28%)

Both groups of leaders belong to 4.2 other kinds or organizations besides credit unions. Nevertheless, there is a significant difference between the two groups.[1] Twice as many of the more successful groups' leaders belong to four to five other types of organizations than do the less successful groups' leaders. Whereas, almost twice as many of the less successful groups' leaders belong to six or more types of organizations than do the more successful credit unions' leaders.

Our data and findings do not give the answers as to why these differences are significant. Speculation might indicate that leaders of more successful groups tend to put more time and energy into the organizations they belong to; therefore, four or five organizations are the maxi-

[1] $x^2 = 27.6204$; 3 df; P = .0001.

mum for the amount of time and energy they have. Or, that the leaders of less successful groups belong to so many organizations that they cannot spend the required amount of time and energy to make the credit unions successful. Or, that they may be spending more time and energy in other organizations and not enough on the credit unions. Chapin indicates that a saturation point of leadership energies may be reached at five or six activities.[1] This is a fruitful area for future research.

Summary

All measures of participation except one verify the hypothesis that the leaders of more successful credit unions will tend to be more active in credit union affairs than will the leaders of less successful credit unions. In addition, significantly more of the successful groups' leaders appear to belong to as many other types of organizations as is possible (four or five other types of organizations) without impairing the effectiveness of the credit unions.

Chapter VI will present differences between the two groups of leaders relating to Hypothesis II, cohesiveness.

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[1]Chapin, op. cit., p. 165.

CHAPTER VI

GROUP COHESIVENESS AMONG CREDIT UNION LEADERS

The communications process is vital for effective decision making and action in groups. Chapter V has indicated that the more successful credit unions' leaders tend to participate more in local and statewide credit union activities. From an educational point of view, such participation might logically develop increased understanding of credit union problems. There is a likelihood that such participation would give opportunity for grasping new ideas and skills useful in credit union work. Although this study is not concerned with the communications processes and communications networks of credit union leaders, the fact that there is a greater participation among more successful leaders in credit union activities supports the inference that channels of communication were probably available and that the communications process among the more successful groups' leaders may be such as to create groups which are more attractive to their members, groups which are more cohesive. Chapter VI presents an examination of the cohesiveness of leaders in more and less successful credit unions.

Cartwright and Zander differentiate three meanings for the term cohesiveness: " . . . (a) attraction to the group, including re-

sistance to leaving; (b) morale, at the level of the motivation of the members to attack their tasks with zeal; and (c) coordination of the efforts of members" (11, l. 176). Although these concepts are inter-related, this investigation will confine itself to the first as Festinger et al. define it, "the total field of forces which act on members to remain in the group" (11, l. 164), and "the desire to belong to the group" (17, p. 22).

Attractiveness of the group and its relations to other factors of group life are the concern of a variety of recent research efforts, a sample of which are reported here. Homans relates group attraction to interaction within the group (22). Bovard associates cohesiveness with heightened interaction and opportunities for consensus (9), while Festinger, et al., link it with social influence and opinion change (15). Cohesiveness and group productivity are related by Heyns in a study of seventy-two decision making groups (21), by Berkowitz in a study of three groups of university students (8), and by Seashore in his study of industrial work groups (44). Thibaut in his study of underprivileged groups relates group attraction and the status position of group members (52). Schachter also associates cohesiveness with locomotion towards group goals (41). Authoritarianism, group structure, and problem solving are related by Ziller to group cohesion (56).

Hypothesis II. --The team of the more successful credit unions' leaders will exhibit a higher degree of cohesiveness than will those of the less successful credit unions.

Ten measures of cohesiveness were selected from five

sources and embedded in the Leaders' Opinionnaire at several points.

Each examines an aspect of group attraction and attractiveness:

1. A three-question, twenty-nine point scale, measuring the desire to remain in the group, from Libo (28, pp. 24-25).

2. An item from an index of cohesiveness, a twelve-point scale, comparing this group with similar groups, from Seashore (44, pp. 38-39).

3. A two-item question relating to the friendship ties within the group, adapted from Festinger, et al. (16, pp. 164-65).

4. A question indicating the importance of belonging to this group compared to belonging to other kinds of organizations and a question determining the strength of the respondent's feeling to defend the group under conditions of threat, adapted from Tannenbaum and Kahn (51, pp. 177-79, 106).

5. Two questions measuring the strength of feeling of belonging to this group and strength of feeling of belonging to the credit union movement, adapted from Larsen (25, pp. 19-20, 23-24).

The results from these measures will be considered in the order given above.

Libo Attraction Questionnaire

Q. 21 Do you want to remain a member of this leadership group?

_____ Yes

_____ No

_____ Undecided

a. If you check "yes" or "no," how strongly do you feel about your preference? (check one)

_____ Very strongly

_____ Strongly

_____ Moderately

_____ Slightly

_____ Very slightly

Q. 22. If you had a choice, how often would you like to come to meetings of this leadership group as a whole? (check one)

_____ More than twice a week

_____ Twice a week

_____ Once a week

_____ Once every two weeks

_____ Once a month

_____ Less than once a month

_____ Not at all

Q. 23. If this leadership group broke up for a considerable length of time and some people were trying to get it started again, would you want to rejoin?

_____ Yes

_____ No

_____ Undecided

a. If you checked "yes" or "no," how strongly do you feel about your preference? (check one)

_____ Very strongly

_____ Strongly

_____ Moderately

_____ Slightly

_____ Very slightly

Each of Questions 21 and 23 has a possible scoring range of 1 ("no" - "very strongly") to 11 ("yes" - "very strongly"), with 6 as the

"undecided" value. The possible range of scores on Question 22 is 1 ("not at all") to 7 ("more than twice a week"). The total score is the sum of the scores obtained on the three questions. The possible range is 3 to 29; the higher the score the higher the group attraction.

Table XX indicates the range of scores and the degree of statistical significance of the differences between the two groups.

TABLE XX

SCORES ON LIBO COHESIVENESS SCALE

Number of Points	102 More Successful Credit Unions' Leaders	68 Less Successful Credit Unions' Leaders
26 - 28	34 (33%)	11 (16%)
25	24 (24%)	16 (23.5%)
23 - 24	26 (25%)	16 (23.5%)
20 - 22	9 (9%)	10 (15%)
19 or less	9 (9%)	15 (22%)

When measured by an analysis of variance, the difference between the two groups on the Libo scale with 1/168 degrees of freedom is significant at the 1 percent level.[1] The mean for all of the more successful groups is 23 points and 21 points for the less successful groups. The range of mean scores for the more successful is from 16 to 26, and

[1] $F = 8.3$.

for the less successful from 14 to 25. Twice as many of the more successful groups' leaders are in the most cohesive category, from 26 to 28 points. Twice as many of the less successful groups' leaders are in the two least cohesive categories, from 22 points or lower.[1] As measured by the Libo Cohesiveness Scale, the desire to remain in the group, the more successful groups appear to be significantly more cohesive groups than the less successful groups.

Seashore Cohesiveness Question

This question was adapted from one of four in an index of cohesiveness. The degree of inter-correlation among the three separate items in this question appears to be sufficiently high so that the question itself would measure cohesiveness without being associated with the other three questions on the index (44, p. 38).

Q. 20. Since you are an elected official of this credit union and are therefore a member of its leadership group (the Board, Credit, and Supervisory Committees):

How do you feel the leadership group of this credit union compares with the leadership group of other credit unions on the following three points?

a. The way the members get along together? (check one)

_____ Much better than most other credit unions

_____ Somewhat better than most other credit unions

---

[1] Libo considers that 19 points and lower define the lower range of the scale and 20 points and higher, the upper range. That is, 20 and above may be associated with desire to continue group membership; 19 or below may be related to terminating group membership (28, p. 49).

_____ About the same as most other credit unions

_____ Not quite as good as most other credit unions

b. The way the members stick together? (check one)

_____ Much better than most other credit unions

_____ Somewhat better than most other credit unions

_____ About the same as most other credit unions

_____ Not quite as good as most other credit unions

c. The way the members of the group help each other out in their credit union work? (check one)

_____ Much better than most other credit unions

_____ Somewhat better than most other credit unions

_____ About the same as most other credit unions

_____ Not quite as good as most other credit unions

Each section, i.e., a, b, c, has a possible scoring range of 1 ("Not quite as good") to 4 ("Much better than most"). By adding these three scores, the range of scores becomes 3 to 12 points; the higher the score the higher the group cohesiveness. Table XXI presents the range of scores and the significance of the difference between the two groups of credit unions on the Seashore cohesiveness question.

A higher proportion of more successful groups' leaders score in the higher-cohesiveness range than do the less successful groups' leaders. This difference is significant at the 2 percent level.[1] The more successful credit unions' leaders exhibit a higher degree of co-

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[1] $x^2 = 6.2845$; 1 df; P = .02.

hesiveness as measured by members' feelings which compare the credit unions under consideration with other credit unions on the way the members get along together, the way they stick together, and the way they help each other.

TABLE XXI

SCORES ON THE SEASHORE COHESIVENESS QUESTION

Number of Points	99 More Successful Credit Unions' Leaders	64 Less Successful Credit Unions Leaders
9 - 12	66 (67%)	30 (47%)
4 - 8	33 (33%)	34 (53%)

This finding seems to indicate that groups which have high productivity records, such as the more successful credit unions' leaders, are more likely to rate their groups above others in ability to work together. This may be interpreted as a reflection of group belongingness, pride in the group and its accomplishments, and generally, high morale. Also, we may probably assume that this greater feeling of group belongingness is also expressed by a correspondingly higher degree of cooperation among group members in making their groups as successful as they are.

Friendship Ties within the Group

Closely allied with the preceding measure of group attraction, is the existence of friendship ties within the leadership team. Festinger,

et al., state that such ties are an indication of group attractiveness (16). Even more than this, informal friendships provide potential channels of communication through which attitudes and opinions are transmitted. Also, through informal communication of friends, decisions are sometimes made which are later approved officially at more formal organizational meetings.

Two questions were asked to determine the number of friendship ties within the various leadership teams:

Q. 24. How many people in this credit union's leadership groups have you met socially in the last month or so outside of credit union business meetings?

_____
number

Q. 24a. How many people in this credit union's leadership group are your close personal friends?

_____
number

The number of close personal friends in the leadership team. -- It is assumed that close personal friends will tend to talk about mutual interests on an informal level. The credit union and the credit union movement are seen here as the mutual interest which may be discussed even outside of formal credit union activities. Table XXII presents the number and percentages of the leaders in each group who indicated the number of close personal friends they have within their own leadership team.

While the proportion of leaders in both groups who indicate they

TABLE XXII

NUMBER OF CLOSE PERSONAL FRIENDS IN THE LEADERSHIP TEAM

Number of Friends	106 More Successful Credit Unions' Leaders	74 Less Successful Credit Unions' Leaders
0	24 (23%)	19 (26%)
1	10 (9%)	11 (15%)
2 - 3	33 (31%)	10 (13. 5%)
4 - 9	18 (17%)	25 (33. 5%)
10 or more	19 (18%)	4 (5%)
Not ascertained	2 (2%)	5 (7%)

have no closer personal friends is about the same, the proportion who have one friend is smaller for the more successful groups' leaders, and more than twice as large for those who have two-to-three friends, than it is in the less successful groups. On the other hand, almost twice as many of the less successful groups' leaders indicated they had from four-to-nine friends than did the more successful groups' leaders. More than three times the number of more successful groups' leaders stated they had ten or more closer personal friends than did the less successful groups' leaders. These differences are significant at the . 01 level. [1]

[1] $x^2 = 17.4806$; 4 df; P = . 01.

The median number of friends is 3.3 for the more successful groups and 2.8 for the less successful. The more successful groups' leaders appear to have a higher level of informal participation, as predicted.

Social contact with other members of the leadership team. -- Table XXIII presents the data indicating the amount of social contact within the leadership team in which leaders engage.

TABLE XXIII

NUMBER OF SOCIAL CONTACTS IN LEADERSHIP TEAM

Number of Persons	106 More Successful Credit Unions' Leaders	74 Less Successful Credit Unions' Leaders
0	22 (21%)	10 (13%)
1 - 3	28 (26%)	20 (27%)
4 - 9	29 (27%)	31 (42%)
10 or more	23 (22%)	6 (8%)
Not ascertained	4 (4%)	7 (9%)

In testing the significance of the difference for the entire data, three degrees of freedom were used. Significance is at the 5 percent level.[1] The major differences appear to be between the 4 - 9 and 10-or-more persons categories. Using a four-cell table which includes only

[1] $x^2 = 8.9923$; 3 df; $P = .05$.

the cases in these two categories, the difference is significant beyond the 1 percent level.[1] A greater proportion of more successful groups' leaders indicated they had social contacts with ten or more members of their leadership team. The more successful credit unions appear to exhibit significantly more cohesiveness than do the less successful groups, as measured by the number of friendship ties and contacts within the leadership team.

Kelley and Thibaut state that, "Close friendship might lead to wider communication and better participation within the group" (29, p. 762). Our findings would tend to support this statement. These differences would also tend to agree with Tannenbaum and Kahn's findings regarding the active and inactive labor unionists: the active trade unionist has more friendships with people who work in the plant, and, further, friendships with people in the plant mean more to the active than to the inactive member (51). While our population is comprised of the most active persons in two groups of credit unions, one group is less active than the other; therefore, such findings may have relevancy.

Comparison of this Group with other Types of Organizations

Respondents were asked, "How important is belonging to this credit union compared to belonging to these other organizations?"[2]

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[1] $x^2 = 7.732$; 1 df; $P = .01$.

[2] Question 28, Leaders' Opinionnaire, which followed Question 27, in answer to which respondents checked the different other types of organizations besides credit unions to which they belonged.

Answers were checked on a five-step scale, from belonging to this credit union is "More important than belonging to any other organization" to "Not important at all." The data for this item are presented in Table XXIV.

TABLE XXIV

IMPORTANCE OF BELONGING TO THIS CREDIT UNION COMPARED WITH IMPORTANCE OF BELONGING TO OTHER KINDS OF ORGANIZATIONS

Responses	105 More Successful Credit Unions' Leaders	73 Less Successful Credit Unions' Leaders
More important than any other organization; more important than most other organizations	51 (49%)	27 (37%)
All other responses: about as important as other organizations; less important than other organizations; not important	54 (51%)	46 (63%)

Almost half of the more successful groups' leaders responded that the credit union is more important than most other organizations; 37 percent of the less successful credit unions' leaders gave this response. The difference is not significant but is in the expected direction, favoring the more successful groups.[1] It would appear that the more successful groups' leaders generally hold their credit union in greater esteem than

[1] $x^2 = 2.3486$; 1 df; P = .13 (est.).

do leaders of the less successful groups.

Leaders' Reaction to Threat

Table XXV presents data in response to the question, "Suppose this credit union were going through some serious crisis, such as a depression or plant shut down, so that it were in real danger of folding up; would you like a chance to do anything to prevent this credit union from folding up?" This question was answered on an eleven-point scale, with alternatives ranging from "Undecided," "Yes," and "No," with five steps for "yes" and "no" answers ranging from "Very strongly" to "Very slightly." The question has a possible scoring range of 1 ("No" - "Very strongly") to 11 ("Yes" - "Very strongly"), with 6 as the "Undecided" value; the higher the score, the higher the group cohesiveness.

TABLE XXV

REACTION TO THREAT

Number of Points	106 More Successful Credit Unions' Leaders	74 Less Successful Credit Unions' Leaders
11	67 (63%)	35 (47%)
10 or below	39 (37%)	39 (53%)

It is clear from the data in Table XXV that the more successful credit unions' leaders are more willing than the less successful credit unions' leaders to do something to prevent the credit union from folding

up. The difference between the two groups is significant at the 5 percent level.[1] It appears that the more successful groups are more cohesive than the less successful groups, as measured by their response to crisis.

Importance of Belonging to this Credit Union and the Credit Union Movement

Two similar questions were asked to measure the strength of feeling respondents had for belonging to the credit union under consideration and the credit union movement as a whole.[2] Four alternative answers were possible from "I'd just as soon not belong" to "It is very important for me to belong."

Again, it is clear that the more successful groups' leaders find the local credit union and the movement more attractive. Table XXVI presents the data for these items.

Both the local credit union and the credit union movement have a higher degree of valence for the more successful groups' leaders than for the less successful groups' leaders. This is to be expected in line with the other findings on group attraction between more and less successful credit unions. The differences between the two groups in these measures of cohesiveness are not significant although they lean in the expected direction, which favors the more successful groups.

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[1] $x^2 = 4.5154$; 1 df; $P = .05$.

[2] Q. 26. "To what extent is it important to you to belong to this credit union?"
Q. 37. "To what extent is it important to you to belong to the organized credit union movement?"

TABLE XXVI

IMPORTANCE OF BELONGING TO THIS CREDIT UNION AND THE CREDIT UNION MOVEMENT

Responses	106 More Successful Credit Unions' Leaders	74 Less Successful Credit Unions' Leaders
It is very important for me to belong:		
To this credit union	73 (69%)	42 (57%)
To the credit union movement	69 (65%)	40 (54%)
All other responses: It is moderately important for me to belong; it makes no difference either way for me to belong:		
To this credit union	33 (31%)	32 (43%)
To the credit union movement	37 (35%)	34 (46%)

Summary and Discussion

Eight of ten measures of group attraction indicate a significant difference between the 1 and 5 percent levels of confidence in the predicted direction, that the more successful credit unions' leaders will exhibit more cohesiveness. It appears that Hypothesis II is verified.

These findings raise questions for further research. One promising line is related to Gibb's finding that group cohesiveness is found to be generally greater when conditions of democratic leadership prevail. Lippitt's studies indicate that democratically controlled groups formed stronger and more lasting groups. Gibb further indicates that cohesiveness and

high morale result to a greater extent in having members' expectations fulfilled in the group (29, p. 911). In turn, these groups are found to have greater stability. The findings of the present study tend to support these conclusions, in that the more successful groups' leaders maintain membership in their groups over a longer period of time generally, thus the groups have greater stability; that these leaders also have greater pride in their groups and appear to have high morale. It is a temptation, therefore, to reason post hoc that the more successful credit unions which are also more cohesive are more democratic in their control and operation than the less successful credit unions.

This study does not investigate the conditions prevailing within and among the leadership teams over a period of time in order to study the extent and amount of democratic, laissez-faire, or autocratic behaviors of these leaders. This is a suitable subject for future research.

Chapter VII will consider another correlate of cohesiveness, the extent to which group members exhibit homogeneity of opinion and uniformity of perceptions.

CHAPTER VII

UNIFORMITY OF LEADERS' OPINIONS AND ATTITUDES

In order to maintain itself, an organization or institution develops certain "accepted or given patterns of behavior based upon a given set of attitudes and ideologies for all members of the group" (16, p. 170). These group standards and norms are vital to economic institutions. Some are required to enable the organization to continue its existence as a legally chartered business concern. Others are vital in that conditions of growth, expansion, and success for the institution exist when they are practiced or followed. The development of appropriate standards and norms lends impetus to the creation and maintenance of an effective credit union.

Therefore, the establishment and maintenance of uniform standards and norms relevant to effective credit unions may be a valid goal for credit union education programs.

Cooperative effort in developing and maintaining certain standards in credit unions is enhanced by the degree of cohesiveness within the credit union. This is especially true for the credit union's operating and policy making units, the boards of directors, the credit and supervisory committees. Effective cooperation in small face-to-face groups such as these, results from communication and interaction. These, in

turn, produce friendships and various degrees of trust among group members. The group becomes more attractive to its members and is, therefore, cohesive.

Festinger states that the more cohesive groups are, the stronger will be the resultant group standards as indicated by the degree of uniformity among members of the group (16, p. 176). The more cohesive groups, therefore, will portray a higher degree of uniformity in the attitudes, opinions, and information which are relevant to the functioning of the group and about which there is active communication with the group (16, p. 170). The result of such common cognitive structure, with its like attitudes and opinions, is to produce similar responses to social situations. In this case, such responses may lead to more successful credit unions. Hypothesis III is presented with this theoretical framework in mind.

Hypothesis III. --The more successful credit unions' leaders will exhibit greater uniformity of opinions and attitudes relevant to the standards and norms of credit unions.

Two measures of uniformity are undertaken:

1. One question relating to six specific issues relevant to local credit union policies and practices.
2. Three questions relating to issues relevant to the credit union movement.

For uniformity of opinions and attitudes to exist, the standards and norms under consideration must meet at least two conditions: (1) the issue must be relevant and of concern to the group, and (2) active communication

about the issue must take place.

Uniformity on Issues Relevant to Credit Unions

Six questions were placed in the Leaders' Opinionnaire to test the degree of uniformity of opinions and attitudes on six issues which are relevant especially to local credit unions.

Q. 6. (a) If net earnings will allow it, do you feel credit unions should pay a dividend over 4 percent?

(b) If net earnings will allow it, do you feel credit unions should pay an interest refund or rebate?

(c) Do you feel credit unions should limit the amount of shares any one member may hold?

(d) Do you feel credit unions should limit the amount any one member may borrow without security?

(e) Do you feel credit unions should limit the amount any one member may borrow with security?

(f) Do you feel credit unions should make real estate loans?

Uniformity of opinion is defined as a majority of "Yes" or "No" responses to each question. Table XXVII presents data showing the majority responses for the more and less successful credit unions' leaders and the degree of significance of the difference between them.

All six issues to some extent meet the first condition in the development of uniformity of opinions and attitudes; all issues are relevant to local credit union functioning. However, only one issue, whether or not credit unions should pay interest refunds to borrowers, has been of relevant concern to the credit union movement on a state-wide basis. The above measure seeks to determine the extent of uniformity of opinion

TABLE XXVII

MAJORITY RESPONSES ON SIX ISSUES

Issue and Majority Response	105 More Successful Credit Unions' Leaders[a]	74 Less Successful Credit Unions' Leaders[a]	P
a. Dividend over 4 percent--"Yes"	76 (72%)	49 (67%)	.30 - .50
b. Interest refund--"Yes"	96 (93%)	52 (70%)	.0001
c. Share limitations--"No"	86 (82%)	51 (70%)	.07
d. Unsecured loan limits--"Yes"	91 (87%)	65 (89%)	.50 - .70
e. Secured loan limits--"No"	69 (67%)	51 (69%)	.70 - .80
f. Real estate loans--"Yes"	74 (72%)	56 (78%)	.30 - .50

[a]The actual number of cases responding among the more successful groups' leaders is 103 for issues a, e, and f above, and 105 for issues b, c, and d. Among the less successful groups' leaders, the number of cases is 72 for issue f, 73 for issues a, c, and d, and 74 for issue b.

TABLE XXVII

MAJORITY RESPONSES ON SIX ISSUES

Issue and Majority Response	105 More Successful Credit Unions' Leaders[a]	74 Less Successful Credit Unions' Leaders[a]	P
a. Dividend over 4 percent--"Yes"	76 (72%)	49 (67%)	.30 - .50
b. Interest refund--"Yes"	96 (93%)	52 (70%)	.0001
c. Share limitations--"No"	86 (82%)	51 (70%)	.07
d. Unsecured loan limits--"Yes"	91 (87%)	65 (89%)	.50 - .70
e. Secured loan limits--"No"	69 (67%)	51 (69%)	.70 - .80
f. Real estate loans--"Yes"	74 (72%)	56 (78%)	.30 - .50

[a]The actual number of cases responding among the more successful groups' leaders is 103 for issues a, e, and f above, and 105 for issues b, c, and d. Among the less successful groups' leaders, the number of cases is 72 for issue f, 73 for issues a, c, and d, and 74 for issue b.

of leaders on a state-wide basis, rather than on an individual credit union basis. Since 1953, the Michigan Credit Union League's state and chapter educational effort has consistently interated the importance of payment of an interest rebate in the building of successful credit unions.

Chapter V has presented the fact that the more successful groups' leaders have had considerably more contact with league and chapter activities where this issue has been discussed actively. Thus, the second condition for development of uniform attitudes and opinions is fulfilled--the necessity for active communication on the relevant standards. The other five issues have not had the state-wide educational emphasis placed upon them in recent years which the subject of the payment of interest refunds has had.

In addition, the more successful groups' leadership teams have generally had more local board and committee meetings where this issue was probably discussed since six of these ten credit unions paid an interest refund in 1954 and 1955. None of the less successful groups paid an interest refund in this period.

Table XXVII shows that there is considerably higher convergence of opinion on this issue among the more successful groups' leaders than among the less successful. This difference is highly significant at the .0001 level.

Hypothesis III, predicting a higher degree of uniformity among more successful credit unions' leaders appears to be verified.

The generally high degree of uniformity on all of the issues

among both groups would indicate that these issues are of vital interest to credit unionists and that communication about them takes place during local credit union meetings and activities. The higher the degree of uniformity of opinion might indicate a higher amount of communication about the particular issue. On the topic of interest refunds, it is known that a planned program of education on a state-wide basis has been in course. Those who have had more contact with such a program appear to have a higher uniformity of attitude, opinion, and behavior in relation to the issue. The meaning for credit union adult education is clear.

Uniformity on other Relevant Issues

Opinions about the Michigan Credit Union League. --Respondents were asked, "Do you feel this credit union 'gets its money's worth' for the dues it pays the Michigan Credit Union League?" Four responses were provided for checking, "Yes, we get our money's worth," "Yes, generally but there could be some improvement in League services," "No, we don't get our money's worth," and "We should not be a member of the League."

The proportion of the more successful groups' leaders who answered with an unequivocal affirmative is 61 percent; 46 percent of the less successful groups' leaders gave this response. The other responses received about the same proportion of replies in both groups. A higher degree of uniformity of opinion is noted here among the more successful groups, which, although not statistically significant, appears to verify the prediction that the more successful credit unions' leaders

will exhibit a higher degree of uniformity on issues which are relevant to them and which have had active communication among them on a state-wide basis.

Another question was asked for the purpose of giving the League clues as to how it might improve its services. There is little difference between the two groups' responses. Closer contact with the local credit union was the most frequent request. Some respondents desire improvement in delinquency control services. Others want improved educational services. The verbatim responses to this question are listed in detail in Appendix C.

Opinions about governmental agencies. --During recent years some credit unionists feel that there has been a growing tendency for governmental regulatory agencies, especially the Bureau of Federal Credit Unions, to take upon themselves more than regulatory functions. The following two questions were asked to determine if there is any difference between leaders of more and less successful credit unions in their attitudes towards government regulation and the degree of influence of the regulatory agency.

A. 14. Inasmuch as every credit union is regulated to some extent by the Federal Bureau or the State Banking Department, how much regulation do you feel there should be? (check one)

_____ Much more regulation than there is now

_____ More regulation than there is now

_____ The same as now

_____ Less regulation than there is now

_____ Much less regulation than there is now

_____ No regulations except chartering when a credit union is organized.

a. If you feel that there should be more or less regulation than there is now, please indicate in what ways?

Table XXVIII presents the data on this question.

TABLE XXVIII

AMOUNT OF GOVERNMENT REGULATION PREFERRED BY CREDIT UNION LEADERS

Response	106 More Successful Credit Unions' Leaders	74 Less Successful Credit Unions' Leaders
Much more; more	5 (5%)	6 (8%)
The same as now	72 (67%)	42 (57%)
Less, much less, none except chartering	27 (26%)	18 (24%)
Not ascertained	2 (2%)	8 (11%)

A higher percentage of the leaders of more successful credit unions appear to prefer the status quo in regard to the amount of government regulation than do the leaders of the less successful groups. Differences in other categories of response are slight. None is statistically significant.

In an open-ended question, leaders were also asked to indicate specifically how much more or less government regulation they would

like. The general tenor of responses was a request for more flexibility, greater allowance for individual credit union differences, and more autonomy for local credit unions in determining their own loan policies. Verbatim responses to this question appear in Appendix D.

Lack of uniformity on the question of governmental regulations may indicate that such questions have not been the subject of prolonged educational programs and discussions. If the time should come when the same or similar topics are discussed widely among credit unionists at chapter and league activities, it is predicted that the extent of the uniformity of opinion on these matters would rise.

Meaning of the term "Common Bond."--The term "Common Bond" defines the field or scope of membership of the local credit union. Without an identifiable common bond, no credit union can be chartered. In the credit union movement the term also has acquired ideological connotations relating to brotherhood and cooperation. Although there has not been a program of education apecifically on the meaning of the term, it was expected that the more successful credit unions' leaders should have a clearer understanding of the term and of its importance. Two questions were asked to determine whether or not this hypothesis is valid: Q. 18. "The term 'Common Bond' is often used in credit union circles. What does 'common bond' mean to you?" and Q. 19. "How important do you feel the common bond is?" Question 18 is open-ended. Question 19 may be answered by checking a five-step scale from "Not important" to "Very important."

Table XXIX presents the responses to Question 18.

TABLE XXIX

RESPONSES TO QUESTION 18: "WHAT DOES THE TERM 'COMMON BOND' MEAN TO YOU?"

Responses	Percentage of 106 More Successful Credit Unions' Leaders	Percentage of 74 Less Successful Credit Unions' Leaders
Never heard of the expression	2	4
Defined it as surety or security for payment for those who handle other people's money	2	5
Related it to cooperation, fellowship, trust of each other, brotherhood, sharing for good of all, working together	27	32
Indicated it meant interest in same things, principles, purposes	6	5
Miscellaneous comments: relating it to service, foundation of the credit union, as not legal, as being good if character is good, and as related to financial security, etc.	9	1
Defined it as the field or scope of membership	25	16
No response	29	37

Although the difference is not statistically significant, a greater proportion of the more successful groups' leaders define the term cor-

rectly. No uniformity of opinion is indicated by either group of leaders on this question.

Table XXX presents the information on Question 19, pertaining to the importance of the common bond.

TABLE XXX

LEADERS' PERCEPTIONS OF THE IMPORTANCE OF THE COMMON BOND

Responses	106 More Successful Credit Unions' Leaders	74 Less Successful Credit Unions' Leaders
Very important	69 (64%)	39 (53%)
Somewhat important	7 (7%)	12 (16%)
It makes no difference	1 (1%)	4 (5%)
Somewhat unimportant	4 (4%)	1 (1%)
Not important	6 (6%)	1 (1%)
No answers	19 (18%)	17 (23%)

A higher percentage of the leaders of the more successful credit unions see the common bond as "very important," "somewhat important," and also as "not important." This is contrary to the prediction but not significant. It cannot be said that the findings on this question support Hypothesis III.

Summary

The more successful credit unions' leaders are expected to exhibit greater uniformity of opinions and attitudes on standards and norms relevant to credit union affairs. On one important issue, the endorsement of payment of an interest refund, hypothesis III is verified. Several other items tend to support it, though not significantly.

Chapter VIII investigates the difference in the degree of dogmatism or authoritarianism between the two groups of more and less successful credit unions' leaders.

CHAPTER VIII

AUTHORITARIANISM OF CREDIT UNION LEADERS

Credit unions are frequently characterized as organizations which extend and strengthen democracy, as associations which are democratically controlled by their members, and, "Should they cease to be such, they cease to be credit unions."[1]

The characteristics of democratic leadership behavior and control are two areas in the study of groups which have been receiving considerable attention in recent years. Another factor in the study of democratic leadership is related to the personality of the leader, that is, the extent and strength of authoritarian attitudes and opinions. In the late 1940's Frankel-Brunswick, Adorno, and others, conducted the classic study in California of the authoritarian personality. A number of measurements were developed which identify this type of person, among them the F Scale (1).

Dr. Milton Rokeach of Michigan State University, a former associate in the California study, indicates that these measures identify the extreme reactionary or authoritarian of the right, but that they do not identify equally well the authoritarian who is the intolerant liberal,

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[1]"This We Believe," a statement of principle issued at the annual meeting of the Credit Union National Association in Estes Park, Colorado, on August 10, 1954.

or authoritarian of the left. Rokeach and others have created three scales which they believe overcome this bias: the dogmatism scale, the intellectual conviction scale, and the opinionation scale. The dogmatism test was selected to be administered to the two groups of more and less successful credit unions' leaders. Dogmatism involves three highly interrelated sets of variables, according to Rokeach: closed cognitive systems, authoritarianism and intolerance (35). Since the more successful credit unions' leaders generally have been more active for a longer period of time in the credit union movement, which is often called "democracy in action," it is expected that they might exhibit less dogmatism or authoritarianism.

Hypothesis IV. --Leaders in the more successful credit unions will exhibit less dogmatism, as measured by the Rokeach Dogmatism Scale, than will the less successful groups' leaders.

Ninety-five of the more successful and sixty-five of the less successful groups' leaders completed the dogmatism test, Part II of the Leaders' Opinionnaire.[1] The scale is composed of forty statements, usually controversial in nature, about social, political, and other matters. These are embedded in or placed among sixty other statements. Likert-type responses for each statement are sixfold: +3 "I agree very much," +2 "I agree on the whole," +1 "I agree a little," -1 "I disagree a little," -2 "I disagree on the whole," and -3 "I disagree very much." A seven-point rating scale is used with a range from 1 for "I disagree

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[1]See Appendix B.

very much," to 7, "I agree very much," with a 4 for no answer. This presents a 280-point scale, with 40 points being the minimum score, and 160 the mid-point. The lower the score, the less dogmatic the individual; the higher the score, the more dogmatic, authoritarian and intolerant he is. Table XXXI presents data giving the differences between the two groups of more and less successful credit unions.

TABLE XXXI

LEADERS' SCORES ON THE ROKEACH DOGMATISM SCALE

Scores	95 More Successful Credit Unions' Leaders	65 Less Successful Credit Unions' Leaders
Less than 160 (64 - 159)	50 (53%)	27 (42%)
160 or more (160 - 262)	45 (47%)	38 (58%)
Mean score	158.4	161.0

The aggregate mean score for the more successful groups' leaders is 158.4 and 161.0 for the less successful group. Fifty-three percent of the more successful credit unions' leaders had scores of less than 160, with a range from 82 to 223. Forty-two percent of the less successful groups were in this category with a range from 74 to 232. These differences with 1 degree of freedom are significant at the .16 level of confidence.[1] Although the difference is in the predicted

[1] $x^2 = 2.0847$; 1 df; P = .16 (est.).

direction, and with a one-tail test would be at the .08 level, it is felt it cannot be said that the more successful leadership teams exhibit less dogmatism than the less successful groups' leaders, as measured by the Rokeach Dogmatism Scale.

A number of other questions, auxiliary measures of authoritarianism, adapted from Rokeach's conceptualization, were embodied in Part I of the Leaders' Opinionnaire, to be delineated if the original measure had shown a significant difference between the two groups. These questions were to measure the opiniated acceptance and rejection of disbelief systems, confidence in the future, and condonement of force, elements involved in the cognitive content and structure of dogmatism as portrayed by Rokeach.

Hypothesis IV, predicting that leaders of the more successful credit unions would tend to exhibit less dogmatism and authoritarianism than the less successful groups' leaders, does not appear to be verified.

This brings to an end the formal presentation of data collected by this study. Chapter IX will present the summary of findings.

CHAPTER IX

SUMMARY AND FINDINGS

The study described herein is the first designed to develop an index of credit union success, to select two groups of more and less successful credit unions in accordance with it, and then to examine the differences between these two groups. The credit unions involved in this study are members of the Michigan Credit Union League.

Criteria for judging credit union effectiveness, economic and otherwise, were isolated after study of credit union literature and conferences with credit union leaders. The most important of these criteria, selected by a qualified group of experts, are examined. An index of credit union success composed of six items is developed: (1) the ratio of actual to potential members, (2) the ratio of borrowers to members, (3) the ratio of expenses to income, (4) the ratio of net earnings to shares, (5) the average size share to optimum size share, and (6) the ratio of the number of delinquent loans to total number of loans outstanding. The index was validated by correlating the global judgments by a group of credit union authorities and the index's rating of forty-three credit unions. Statistical analysis, using a Pearson r coefficient of correlation, revealed a positive relationship. Ten more successful and ten less successful credit unions were selected in accordance with the index for further in-

vestigation.

Differences between the two groups are examined in two areas: (1) other important criteria of success relating to the organizational aspects of credit unions, as well as the personal characteristics of their leaders, and (2) investigation of the leaders of the two groups with respect to four dynamic variables: (a) group participation, (b) group cohesiveness, (c) uniformity of attitudes and opinions, and (d) authoritarianism.

More successful credit unions appear to have more liberal lending policies and practices. They conduct almost twice as many credit committee meetings as do the less successful groups. Leaders of the more successful credit unions generally have been associated with the credit union movement longer than the leaders of the less successful groups. More than twice as many of the leaders of the more successful than of the less successful groups subscribe to the Credit Union National Association's magazine, The Credit Union Bridge. A higher proportion of the leaders of the more successful credit unions perceive themselves as being liberal in political and social matters than do the leaders of the less successful groups.

In all measures of group participation at local, chapter, and state levels, the leaders of more successful credit unions exhibit a significantly higher degree of activity than do the less successful groups' leaders. Further, the leaders of the more successful credit unions exhibit a significantly higher degree of cohesiveness than do the leaders of

the less successful credit unions. The leaders of the more successful groups also appear to express a greater uniformity of opinions and attitudes on some matters relevant to credit union affairs. Little difference between the two groups of leaders was found in the degree of authoritarianism which they exhibited.

Further study along a number of lines has been recommended at several points. The data corroborate several other studies which indicate that in voluntary groups greater cohesiveness relates to higher effectiveness.

APPENDICES

APPENDIX A

1. LIST OF EXPERIENCED CREDIT UNIONISTS WHO INDICATED THEIR OPINIONS ABOUT THE TENTATIVE INDEX OF CREDIT UNION SUCCESS

All are treasurers, managers, or treasurer-managers of their respective credit unions, unless otherwise noted.

F. F. Arnold
Decatur Wabash Credit Union
Decatur, Illinois

David Arsenault
Wyandotte Chemicals Employees Credit Union
Wyandotte, Michigan

Lyle M. Blakely
State Employees Credit Union
Lansing, Michigan

Dale Chidester
Kellogg Federal Credit Union
Battle Creek, Michigan

W. B. Cubbage
Saginaw Telephone Employees Credit Union
Saginaw, Michigan

Paul D. Deaton
National Cash Register Employees Credit Union
Dayton, Ohio

Frank Doorenbos
Leonard Federal Credit Union
Grand Rapids, Michigan

Forrest Foster
Dairymen's Federal Credit Union
Detroit, Michigan

Ray Gordon
Eloise Federal Credit Union
Eloise, Michigan

C. J. Harrington, Jr.
Flint Buick Federal Credit Union
Flint, Michigan

Harold A. Iverson
East Hartford Aircraft Federal Credit Union
East Hartford, Connecticut

Mrs. Helen Jawor
American Blower Credit Union
Detroit, Michigan

Donald J. MacKinnon
Ford Dearborn Federal Credit Union
Dearborn, Michigan

Edwin L. Mansuy
Monaghan Columbus Federal Credit Union
Detroit, Michigan

Paul McCloud
Edison Credit Union
Kansas City, Missouri

David Mullen
Atlas Company Credit Union
Appleton, Wisconsin

Donald Murray
Ferndale Co-op Credit Union
Ferndale, Michigan

Henry B. Noble
Lansing Teachers Credit Union
Lansing, Michigan

Lee J. O'Brien
Mt. Carmel Parish Credit Union
Pueblo, Colorado

Vernon G. Porath
Rubber Employees Federal Credit Union
Erie, Pennsylvania

H. C. Richardson
Jamestown, North Dakota

Alfred Siegert
Besser Employees Federal Credit Union
Alpena, Michigan

F. F. Simpson
Wichita Postal Employees Credit Union
Wichita, Kansas

Mrs. Johanna Smith
Parchment Employees Federal Credit Union
Kalamazoo, Michigan

James R. Snody
Onaway Community Federal Credit Union
Onaway, Michigan

Fred A. Stahl
Managing Director, Minnesota Credit Union League
Minneapolis, Minnesota
(When this opinionnaire was distributed Mr. Stahl was Educational Director, Pennsylvania League.)

Harry Woodman
G. M. T. C. Employees Pontiac Federal Credit Union
Pontiac, Michigan

2. TENTATIVE INDEX OF CREDIT UNION SUCCESS

1. Please check how essential or important a factor you feel the particular item below is in determining individual credit union success. If you don't know or are not sure, please check on the left.

ITEM 1: The ratio of actual to potential members

don't know	not at all	only a little	some	quite a bit	very much

ITEM 2: The ratio of borrowers to number of members

don't know	not at all	only a little	some	quite a bit	very much

ITEM 3: The average amount of loans per borrower

don't know	not at all	only a little	some	quite a bit	very much

ITEM 4: The average amount of share holdings per member

don't know	not at all	only a little	some	quite a bit	very much

ITEM 5: The ratio of amount of unpaid loan balance to amount os ahres

don't know	not at all	only a little	some	quite a bit	very much

ITEM 6: Ratio of expenses to income

don't know	not at all	only a little	some	quite a bit	very much

ITEM 7: Ratio of net earnings (profit) to income

don't know	not at all	only a little	some	quite a bit	very much

ITEM 8: Ratio of net earnings to shares

don't know	not at all	only a little	some	quite a bit	very much

II. If there are other factors which are not in the index and which you feel are "very much" essential or important to credit union success, please list them below:

Thank you very much for your assistance.

John B. Hawley

APPENDIX B

1. TREASURER'S FACT FINDER

NAME OF CREDIT UNION_____

PLACE_____

Credit Union Management

1. How many days per week is this credit union office open for business?

_____

a. What are the office hours during these days?

Monday:

Tuesday:

Wednesday:

Thursday:

Friday:

Saturday:

Sunday:

2. Does your credit union have to pay for the following:

	Yes	No	If no, who does pay for them?
Office space	___	___	_____
Office furniture	___	___	_____
Office equipment	___	___	_____
Heating of space	___	___	_____

	Yes	No	If no, who does pay for them?
Lighting of space	___	___	_____
Secretarial personnel	___	___	_____
Bookkeeping personnel	___	___	_____
Telephone	___	___	_____

a. Are there any other office management services, not mentioned above, which either your credit union or someone else has to pay for?

____Yes ____No If yes, what are they?

3. How many full-time employees does your credit union have?_____

4. How many part-time employees does your credit union have?_____

5. Please check the kinds of services this credit union offers its members. (check as many as apply)

____ a. Automobile Insurance

____ b. Automobile Value Analysis

____ c. Brokerage Services

____ d. Budget Analysis

____ e. Cash checks

____ f. Cash bonds

____ g. Checking Accounts

____ h. Christmas Savings Club

____ i. Collect Payments - Real Estate

____ j. Collective Bargaining

____ k. C. U. checks for cash

____ l. Death Benefit Fund

____ m. Discount Buying

____ n. Drawing Deeds

____ o. Drawing Wills

____ p. Drivers Licenses

____ q. Fire Insurance

____ r. Group Health Insurance

____ s. Income Tax Reports

____ t. Issue Bonds

____ u. Life Insurance

____ v. Money Orders

____ w. Notary Service

____ x. Payroll Checks Distributed

____ y. Postage Stamps

____ z. Powers of Attorney

____ aa. Real Estate Advice

____ bb. Safety Deposit Boxes

____ cc. Travelers Checks

____ dd. Utility Bills

____ ee. Vacation Club Savings

a. Are there any other services which this credit union offers its members?

Board and Committee Activities

6. How many members are there on the Board of Directors? ____ members.

7. How many times did the Board meet in regular session during the past

twelve months? _____ times.

a. How many other meetings of the Board were there during the past twelve months? _____ meetings.

8. How many members are there on the credit committee? _____ members.

9. How many times did the Credit Committee meet in regular session during the past twelve months? _____ times.

a. How many other meetings of the Credit Committee were there during the past twelve months? _____ meetings.

10. How many members are there on the Supervisory Committee?

_____ members.

11. How many times did the Supervisory Committee meet in regular session during the past twelve months? _____ times.

a. How many other meetings of the Supervisory Committee were there during the past twelve months? _____ meetings.

12. Does this credit union have an educational or promotional committee?

_____ Yes _____ No

a. If yes, how many members are there on the committee? _____ members.

b. If yes, how many times has the committee met during the past twelve months? _____ times.

c. If yes, what sorts of things has the educational committee done during the past year?

13. Does this credit union have a publication such as a newspaper or magazine it distributes to its members?

____ Yes ____ No

a. If yes, may I have a copy of it?

Name and kind of publication:_____

b. If yes, how many times was it issued during the past year?

_____ times.

14. What has been your annual meeting attendance (approximately) for the past four years?

1953_____ 1954_____ 1955_____ 1956_____

15. Are there any other activities which this credit union has sponsored or taken part in which we haven't mentioned so far?

____ Yes ____ No

a. If yes, what sorts of activities? Attendance

_____ _____

_____ _____

_____ _____

_____ _____

Practices and Policies

16. (Check MCUL files for latest information; if not on hand, get from treasurer)

Actual number of members_____

Potential membership_____

17. Does this credit union have pay roll deductions?

____ Yes ____ No

a. If yes, what proportion of members use this service? _____%

18. Does this credit union have share insurance?

____ Yes ____ No

a. If yes, what is the maximum amount a shareholder may have?

$_____

19. What dividend payment has this credit union paid during the past three years?

1955_____ 1954_____ 1953_____

20. What interest refund did this credit union pay during the past three years?

1955_____ 1954_____ 1953_____

21. What is the value of your loans charged off to date? $_____

22. What is the value of the total amount of loans made to date?

$_____

23. What is your interest rate?

a. Personal loans _____% per month on the unpaid balance

_____% per year.

b. Real estate loans _____% per month on the unpaid balance

_____% per year

24. Are these the only interest rates you have?

____ Yes ____ No

a. If no, what other interest rates do you have?

25. When an application is filed for a personal loan, how long is it usually before the applicant receives his check?

_____

a. Is there any difference between new and old members in this respect? ____ Yes ____ No

b. If yes, what is the difference?

_____

26. Are there any qualifications (such as length of residence, seniority, etc.) which a member must have in order to obtain a personal loan?

____ Yes ____ No

a. Are there any qualifications which a member must have in order to obtain a real estate loan?

____ Yes ____ No

b. If yes, what are these qualifications?

Personal loans_____

Real estate loans_____

27. Is there a limit on unsecured loans?

____ Yes ____ No

a. If yes, what is the limit? $_____ (legal is $400)

28. Is there a limit on secured loans?

____ Yes ____ No

a. If yes, what is the limit? $_____

29. What is this credit union's policy regarding payment of loans? (Fed. 36 mos. max.)

Personal loans_____

Real estate loans_____

30. In closing, would you please tell me how many hours a week do you devote to credit union activities? _____ hours.

a. Does this credit union pay you for this work?

____ Yes ____ No

b. If yes, how much are you paid per year as treasurer? $_____

APPENDIX B

2. LEADERSHIP GROUP OPINIONNAIRE

for the

MICHIGAN CREDIT UNION STUDY

being conducted by

John B. Hawley

of the

University of Michigan

in cooperation with

THE MICHIGAN CREDIT UNION LEAGUE

March 1, 1956

1020 South University Avenue

Ann Arbor, Michigan

PART I **ABOUT CREDIT UNIONS**

For the purpose of this study we are assuming that the leadership group of this credit union is made up of three elements: the members of the Board of Directors, the Credit Committee and the Supervisory Committee.

****

Facts About Your Activities

1. **Indicate which of the three elements you belong to and positions you now hold in this credit union. (check one)**

Board of Directors	Credit Committees	Supervisory Committee
____ President	____ Chairman	____ Chairman
____ Treasurer	____ Credit Committee Member	____ Supervisory Committee Member
____ Board Member		

2. **Local Activities**

   a. **Did you attend the last Annual Meeting of this credit union?**

   ____ Yes ____ No

   b. **Write in the number of meeting which you attended during the past 12 months:**

	Number of Meetings
1. Board of Directors' Meetings (regular and special)	_____
2. Credit Committee Meetings (regular and special)	_____
3. Supervisory Committee Meetings (regular and special)	_____
4. Any other meetings of this credit union not mentioned above	_____

3. Chapter Activities

a. Did you attend the last Annual Meeting of this Chapter?

___ Yes ___ No

b. Write in the number of meetings which you attended during the past 12 months:

	Number of Meetings
1. Chapter Committee Meetings	_____
2. Chapter Workshops	_____
3. Any other Chapter meetings not mentioned above	_____

4. Michigan Credit Union League Activities

a. Check if you attended any of the following during the past 12 months:

_____ The Annual Meeting of the League

_____ One of the Weekend Institutes of the League

b. How many other League Meetings not mentioned above did you attend during the past 12 months?

_____ meetings

5. How long have you been a member of this credit union? (check one)

_____ Less than a year

_____ One Year

_____ Two Years

_____ Three to four years

_____ Five to nine years

_____ Ten years or more

Opinions About Credit Union Matters

6. In the following we are NOT interested in official policies or legal requirements. We are interested in your own personal and private opinions. In answering these questions please think of credit unions generally and not of this credit union particularly.

   a. If net earnings will allow it, do you feel credit unions should pay a dividend over 4%?

      _____ Yes _____ No

      1. What is the maximum dividend you recommend? _____%

   b. If net earnings will allow it, do you feel credit unions should pay an interest refund or rebate?

      _____ Yes _____ No

      1. If yes, what is the maximum interest refund you recommend _____%

   c. Do you feel credit unions should limit the amount of shares any one member may hold?

      _____ Yes _____ No

      1. If yes, what share limit would you set? $_____

   d. Providing he is able to repay, the loan is insured, and the credit union has the resources, do you feel credit unions should limit the amount any one member may borrow unsecured?

      _____ Yes _____ No

      1. If yes, what maximum unsecured loans limit would you recommend? $_____

   e. Providing he can repay, the loan is insured, and the credit union has the resources, do you feel credit unions should limit the amount any one member may borrow with security?

      _____ Yes _____ No

      1. If yes, what maximum secured loan limit do you recommend? $_____

f. Disregarding legal requirements, do you feel credit unions should make real estate loans?

_____ Yes _____ No

1. If yes, what interest rate(s) do you feel should be charged on real estate loans?

_____ % per month

_____ % per year

g. Disregarding legal limits, what interest rate(s) do you feel credit unions should charge for personal loans?

_____ % per month

_____ % per year

7. To what extent do you feel your opinions in question 6 are shared by other members of this credit union's leadership group (members of the Board, Credit and Supervisory Committee)?

Check ONE on each line indicating how you feel the other members of the leadership group feel about these questions (even if you have never discussed them).

	Most Agree With Me	Some Do and Some Don't Agree With Me	Most Do Not Agree With Me
a. Re Dividends	____	____	____
b. Re Interest Refunds	____	____	____
c. Re Share Limitations	____	____	____
d. Re Unsecured Personal Loan Limitations	____	____	____
e. Re Secured Loan Limitations	____	____	____
f. Re Real Estate Loans	____	____	____
g. Re Personal Loan Interest Rate	____	____	____

8. How sure are you about how other members of the leadership group feel about these issues? (check one)

_____ Very sure

_____ Fairly sure

_____ Not sure

Opinions About the Michigan Credit Union League

9. In your opinion generally, do you feel this credit union "gets its money's worth" for the dues it pays to the League? (check one)

_____ Yes, we get our money's worth

_____ Yes, generally, but there could be some improvement in League Services

_____ No, we don't get our money's worth

_____ We should not be a member of the League

10. If you feel that the League services could be improved, what improvements would you recommend? (please comment)

In every organization there usually are some people or groups of people who have much to say in determining policies and practices.

11. Who do you think has the MOST to say in determining the policies and practices of the League? (please comment)

12. Who do you think SHOULD have THE MOST to say in determining the policies and practices of the League? (please comment)

13. How much influence do you feel that local credit unions have in determining the policies and actions of the League? (check one)

____ They have a great deal of influence

____ They have quite a lot of influence

____ They have some influence

____ They have just a little influence

____ They have practically no influence

Opinions About Governmental Agencies

14. Inasmuch as every credit union is regulated to some extent by the Federal Bureau or the State Banking Department, how much government regulation do you feel there should be? (check one)

____ Much more regulation than there is now

____ More regulation than there is now

____ The same as now

____ Less regulation than there is now

____ Much less regulation than there is now

____ No regulation except chartering when a credit union is organized

a. If you feel that there should be more or less regulation than there is now, please indicate in what ways?

15. How much influence do you feel the Federal Bureau of Credit Unions or the State Banking Department (depending on your charter) have on the policies and actions of this credit union? (check one)

____ They have practically no influence

____ They have just a little influence

____ They have some influence

____ They have quite a lot of influence

____ They have a great deal of influence

16. How much influence do you feel the Michigan Credit Union League has on the policies and actions of this credit union? (check one)

____ It has practically no influence

____ It has just a little influence

____ It has some influence

____ It has quite a lot of influence

____ It has a great deal of influence

Opinions About This Credit Union

17. IN THIS CREDIT UNION, in general how much do you think the following members have to say about how things are decided? Read the whole list through and then check ONE on each line.

	A Great Deal To Say	Quite a Lot To Say	Some Say	Just a Little To Say	Practically Nothing To Say
The Board of Directors	____	____	____	____	____
The Credit Committee	____	____	____	____	____
The Supervisory Committee	____	____	____	____	____
The President	____	____	____	____	____
The Treasurer	____	____	____	____	____
The Credit Committee Chairman	____	____	____	____	____
The Supervisory Committee Chairman	____	____	____	____	____
OTHERS (write in)					
_____	____	____	____	____	____
_____	____	____	____	____	____

Opinions About Other Credit Union Matters

18. The term "common bond" is often used in credit union circles. What does "common bond" mean to you? (please comment)

19. How important do you feel the "common bond" is? (check one)

_____ Not important

_____ Somewhat unimportant

_____ It makes no difference to me

_____ Somewhat important

_____ Very Important

Opinions About This Credit Union's Leadership Group

20. Since you are an elected official of this credit union and are therefore a member of its leadership group (the Board, Credit and Supervisory Committees):

How do you feel the leadership group of this credit union compares with the leadership group of other credit unions on the following three points?

a. The way the members get along together? (check one)

_____ Much better than most other credit unions

_____ Somewhat better than most other credit unions

_____ About the same as most other credit unions

_____ Not quite as good as most other credit unions

b. The way the members stick together (check one)

_____ Much better than most other credit unions

_____ Somewhat better than most other credit unions

_____ About the same as most other credit unions

c. The way the members of the group help each other out in their credit union work? (check one)

____ Much better than most other credit unions

____ Somewhat better than most other credit unions

____ About the same as most other credit unions

____ Not quite as good as most other credit unions

21. Do you want to remain a member of this leadership group?

____ Yes

____ No

____ Undecided

a. If you check "yes" or "no," how strongly do you feel about your preference? (check one)

____ Very strongly

____ Strongly

____ Moderate

____ Slightly

____ Very Slightly

22. If you had a choice, how often would you like to come to meetings of this leadership group as a whole? (check one)

____ More than twice a week

____ Twice a week

____ Once a week

____ Once every two weeks

____ Once a month

____ Less than once a month

____ Not at all

(-10-)

23. If this leadership group broke up for a considerable length of time and some people were trying to get it started again, would you want to rejoin?

____ Yes

____ No

____ Undecided

a. If you checked "yes" or "no" how strongly do you feel about your preference? (check one)

____ Very strongly

____ Strongly

____ Moderate

____ Slightly

____ Very slightly

24. How many people in this credit union's leadership group (members of the Board, Credit and Supervisory Committees) have you met socially in the last month or so outside of credit union business meetings?

_____
number

24a. How many people in this credit union's leadership group are your close personal friends?

_____
number

25. Suppose this credit union were going through some serious crisis, such as a depression or a plant shut down, so that it were in real danger of folding up, would you like a chance to do anything to prevent this credit union from folding up?

____ Yes

____ No

____ Undecided

a. If you check "yes" or "no" how strongly do you feel about your preference? (check one)

_____ Very strongly

_____ Strongly

_____ Moderate

_____ Slightly

_____ Very slightly

26. To what extent do you feel it is important to you to belong to THIS credit credit union? (check one)

_____ I'd just as soon not belong

_____ It doesn't make any difference either way

_____ It is moderately important for me to belong

_____ It is very important for me to belong

About Associations

27. We are interested in what other activities credit union leaders take part. please check which of the following kinds of organizations you belong to: (check as many as apply)

_____ Parent-teacher associations

_____ A church

_____ Church-connected groups (like Holy Name, Ladies Aid, Missionary Society, etc.)

_____ Fraternal organizations or lodges (like Elks, K. of C., Masons, Eastern Star, etc.)

_____ Labor Unions

_____ Veterans Organizations

_____ Business or service clubs (like Chamber of Commerce, Rotary, Kiwanis, etc.)

_____ Organizations of people of the same nationality background

_____ Neighborhood improvement associations

_____ Neighborhood recreation clubs or community centers

_____ Community-wide civic groups like community councils

_____ Professional associations

_____ Political clubs or organizations

_____ Women's clubs

_____ Charitable and welfare organizations

28. How important to you is belonging to this credit union, compared to belonging to these other organizations? (check one)

Belonging to this credit union is:

_____ More important than belonging to any other organization

_____ More important than most other organizations

_____ About as important as other organizations

_____ Less important than most other organizations

_____ Not important at all

Opinions About Other Organizations

29. Listed below are several kinds of financial organizations. Which of these five groups do you feel are most like credit unions?

Write a number "1" in front of the one you feel is most similar to credit unions, a number "2" in front of the next most similar to credit unions, a number "3" to the next most similar, a number "4" to the next most similar and a number "5" in front of the least similar to credit unions:

_____ Savings and Loan Associations

_____ Loan Departments of Banks

_____ Credit Departments of Stores

_____ Credit Departments of Auto Dealers

_____ Buildings and Loan Associations

(-13-)

30. To what extent do you feel that these organizations are sincerely interested in serving people's needs:

	check ONE on each line		
	Very Much Interested	Somewhat Interested	Not at All Interested
Savings and Loan Associations	____	____	____
Loan Departments of Banks	____	____	____
Credit Departments of Stores	____	____	____
Credit Departments of Auto Dealers	____	____	____
Building and Loan Associations	____	____	____

31. How do you think each of these organizations feel about credit unions?

	check ONE on each line				
	It Is Definitely In Favor of Credit Unions	It Is Somewhat in Favor of Credit Unions	It Is Neither For Nor Against Credit Unions	It Is Somewhat Against Credit Unions	It Is Definitely Against Credit Unions
Savings and Loan Associations	____	____	____	____	____
Loan Dpts. of Banks	____	____	____	____	____
Credit Dpts. of Stores	____	____	____	____	____
Credit Dpts. of Auto Dealers	____	____	____	____	____
Building and Loan Associations	____	____	____	____	____

32. Do you personally know representatives or managers in these other organizations?

Check "yes" or "no" after each one, then if you have checked "yes" check how well you know them.

			I KNOW THEM		
			Well	A Little	Not At All
Savings & Loan Ass'ns	___ Yes	___ No	___	___	___
Loan Depts of Banks	___ Yes	___ No	___	___	___
Credit Depts of Stores	___ Yes	___ No	___	___	___
Credit Depts of Auto Dealers	___ Yes	___ No	___	___	___
Building & Loan Ass'ns	___ Yes	___ No	___	___	___

More About This Credit Union

33. We realize that in accordance with law, the membership and the Board of Directors of this local credit union make certain decisions,

NEVERTHELESS WHO DO YOU THINK HAS THE MOST INFLUENCE IN THIS CREDIT UNION IN DECIDING:

check only ONE on each line

	Bd. of Directors	Supervisory Comm.	Credit Comm.	President	Treasurer	Credit Comm. Chair-Man	Supervisor Comm. Chm.
a. Whether or not this credit union will pay a dividend or interest refund?	___	___	___	___	___	___	___
b. Whether or not this credit union will pay dues and be a League member?	___	___	___	___	___	___	___

check only ONE on each line

	Bd. of Directors	Supervisory Comm.	Credit Comm.	President	Treasurer	Credit Comm. Chairman	Supervisory Comm. Chm.
c. What should happen to the net earnings and undivided profits of this credit unions?	____	____	____	____	____	____	____
d. What interest rate(s) should be charged?	____	____	____	____	____	____	____
e. What loan policies should be?	____	____	____	____	____	____	____

Opinions about the Credit Union Movement

34. In general, one of the aims of the credit union movement is to combat excessive rates of interest on loans. What other aims do you feel the credit union movement has? (please comment)

35. In general, what do you feel the future holds for the credit union movement in reaching its aims? (please comment)

a. How confident do you feel about your predictions?

____ Not sure

____ Fairly sure

____ Very sure

36. If every means fair or foul were being used to destroy the credit union movement and it were in danger of going under, what do you feel would be justified to save the movement? (check "yes" or "no" after each)

Any means fair or foul	____ Yes	____ No
A strike or boycott against the opposition	____ Yes	____ No
Sponsor laws against the opposition	____ Yes	____ No
Legal or court action against the opposition	____ Yes	____ No
Radio, newspaper and TV publicity against the opposition	____ Yes	____ No
Meeting with the opposition to work out a settlement	____ Yes	____ No

37. To what extent do you feel that it is important to you to belong to the organized credit union movement? (check one)

____ I'd just as soon not belong

____ It doesn't make any difference either way

____ It is moderately important for me to belong

____ It is very important for me to belong

About Yourself

38. Do you belong to any credit unions other than this one? ____ Yes ____ No

a. If yes, how many other credit unions do you belong to?_____

39. Do you now hold any offices or positions in these other credit unions?

____ Yes ____ No

40. Do you subscribe to or look at fairly often any of the following? (check "yes" or "no" after each)

Michigan Consumer Finance Bulletin	____ Yes	____ No
National Consumer Finance Bulletin	____ Yes	____ No
Bridge	____ Yes	____ No
Contact	____ Yes	____ No

a. Are there any other publications relative to credit union work which you look at fairly often or subscribe to?

____ Yes ____ No

1. If yes, please write their names below:

_____

_____

_____

_____

_____

41. How long have you been in the organized credit union movement?

____ Less than a year

____ One Year

____ Two Years

____ Three-four years

____ Five to nine years

____ 10 years or more

42. What is your age? (circle one)

Under 20 21-29 30-39 40-49 50-59 Over 60

43. What is your sex? ____ Male ____ Female

(-18-)

44. How much schooling have you had? (check one)

____ Some grade school

____ Completed grade school

____ Some High School

____ Completed high school

____ Some college

____ Completed college

45. What is your occupation? (please be specific)_____

46. What is your approximate total annual income? (circle one)

$0-$4,999 $5,000-$7,499 $7,500-$9,999 $10,000 or more

47. In your own mind, how do you characterize your own position in political and social matters?

____ Quite liberal

____ Somewhat liberal

____ Midway between liberal and conservative

____ Somewhat conservative

____ Quite conservative

48. What political party do you usually support? (check one)

____ Democratic Party

____ Republican Party

Other: Write in_____

Please turn the page for Part II

PART II

The following is a study of what people think and feel about a number of important social and personal questions. The best answer to each statement is your personal opinion. We have tried to cover many different and opposing points of view. You may find yourself agreeing strongly with some of the statements, disagreeing just as strongly with others, and perhaps undecided about others. Whether you agree or disagree with any statement, you can be sure that many other people feel the same as you do.

Mark each statement in the left margin according to how much you agree or disagree with it. Please mark every one, using the following system:

+ 1: I AGREE A LITTLE	- 1: I DISAGREE A LITTLE
+ 2: I AGREE ON THE WHOLE	- 2: I DISAGREE ON THE WHOLE
+ 3: I AGREE VERY MUCH	- 3: I DISAGREE VERY MUCH

Write +1, +2, +3 or -1, -2, -3, depending on how you feel in each case.

(-19-)

+1: I AGREE A LITTLE	-1: I DISAGREE A LITTLE
+2: I AGREE ON THE WHOLE	-2: I DISAGREE ON THE WHOLE
+3: I AGREE VERY MUCH	-3: I DISAGREE VERY MUCH

_____ 1. In a discussion I often find it necessary to repeat myself several times to make sure I am being understood.

_____ 2. The trouble with Communism is that, in all of human history, it has never worked.

_____ 3. In times like these, a person must be pretty selfish if he considers his own happiness primarily.

_____ 4. It is often desirable to reserve judgment about what's going on until one has had a chance to hear the opinions of those one respects.

_____ 5. Man on his own is a helpless and miserable creature.

_____ 6. I am afraid of people who want to find out what I'm really like, for fear they'd be disappointed in me.

_____ 7. The fallacy in Hitler's theories is shown by the fact that, after all, he lost the war.

_____ 8. Appreciation of others is a healthy attitude, since it is the only way to have them appreciate you.

_____ 9. Most people just don't know what's good for them.

_____10. I am easily embarrassed.

_____11. Generosity is a healthy way of life, because he who casts his bread upon the waters shall have it returned ten-fold.

_____12. The fact that God exists is proven by the fact that so many millions of people believe in him.

_____13. Thoughtful persons know that the American Legion is not really interested in democracy.

_____14. I have periods of such great restlessness that I cannot sit long in a chair.

+1: I AGREE A LITTLE -1: I DISAGREE A LITTLE

+2: I AGREE ON THE WHOLE -2: I DISAGREE ON THE WHOLE

+3: I AGREE VERY MUCH -3: I DISAGREE VERY MUCH

_____ 15. The reason you should not criticize others is that they will turn around and criticize you.

_____ 16. It's perfectly clear to all decent Americans that Congressional Committees which investigate communism do more harm than good.

_____ 17. It is only natural for a person to be rather fearful of the future.

_____ 18. Even though freedom of speech for all groups is a worthwhile goal, it is unfortunately necessary at times to restrict the freedom of certain political groups.

_____ 19. Taxation without representation is wrong because sooner or later people rebel.

_____ 20. The highest form of government is a democracy and the highest form of democracy is a government run by those who are most intelligent.

_____ 21. To one who really takes the trouble to understand the world he lives in, it's a relatively easy matter to predict future events.

_____ 22. I get anxious and upset when I have to make a short trip away from home.

_____ 23. Radio and TV programs should employ only loyal Americans, so as not to lose their audiences.

_____ 24. When a person has a problem or worry, it is best for him not to think about it, but to keep busy with more cheerful things.

_____ 25. Anyone who is really for democracy knows very well that the only way for America to head off revolution and civil war in backward countries is to send military aid.

_____ 26. I find it hard to keep my mind on a task or job.

(-21-)

+1: I AGREE A LITTLE	-1: I DISAGREE A LITTLE
+2: I AGREE ON THE WHOLE	-2: I DISAGREE ON THE WHOLE
+3: I AGREE VERY MUCH	-3: I DISAGREE VERY MUCH

_____ 27. In the long run the best way to live is to pick friends and associates whose tastes and beliefs are the same as one's own.

_____ 28. Whether one approves of filibustering or not, it is alright if it's for a good cause.

_____ 29. There is nothing new under the sun.

_____ 30. The trouble with many people is that they don't take things seriously enough.

_____ 31. I have nightmares every few nights.

_____ 32. America may not be perfect, but the American Way has brought us about as close as human beings can get to a perfect society.

_____ 33. If a man is to accomplish his mission in life it is sometimes necessary to gamble "all or nothing at all."

_____ 34. Fundamentally, the world we live in is a pretty lonely place.

_____ 35. You should only criticize others when you are above reproach yourself.

_____ 36. In general, full economic security is bad; most men wouldn't work if they didn't need the money for eating and living.

_____ 37. I'd like it if I should find someone who would tell me how to solve my personal problems.

_____ 38. The truth of the matter is this! It is big business which wants to continue the cold war.

_____ 39. It is better to be a dead hero than a live coward.

_____ 40. A group which tolerates too much difference of opinion among its own members cannot exist for long.

_____ 41. The worst crime a person can commit is to attack publicly the people who believe in the same thing he does.

(-22-)

+1: I AGREE A LITTLE -1: I DISAGREE A LITTLE

+2: I AGREE ON THE WHOLE -2: I DISAGREE ON THE WHOLE

+3: I AGREE VERY MUCH -3: I DISAGREE VERY MUCH

____ 42. My sleep is fitful and disturbed.

____ 43. When it comes to differences of opinion in religion we must be careful not to compromise with those who believe differently from the way we do.

____ 44. The main thing in life is for a person to want to do something important.

____ 45. Unfortunately, a good many people with whom I have discussed important social and moral problems don't really understand what is going on.

____ 46. The American economic and political system is preferable to the Russian, because the Soviet system means long hours at poor wages.

____ 47. There is so much to be done and so little time to do it in.

____ 48. Of all the different philosophies which have existed in this world there is probably only one which is correct.

____ 49. Some day it will probably be shown that astrology can explain a lot of things.

____ 50. To compromise with our political opponents is dangerous because it usually leads to the betrayal of our own side.

____ 51. I frequently notice my hand shakes when I try to do something.

____ 52. While I don't like to admit this even to myself, I sometimes have the ambition to become a great man, like Einstein, or Beethoven, or Shakespeare.

____ 53. Plain common sense tells you that prejudice can be removed by education, not legislation.

____ 54. The present is all too often full of unhappiness. It is the future that counts.

+1: I AGREE A LITTLE

+2: I AGREE ON THE WHOLE

+3: I AGREE VERY MUCH

-1: I DISAGREE A LITTLE

-2: I DISAGREE ON THE WHOLE

-3: I DISAGREE VERY MUCH

_____ 55. What is wrong with socialization, as seen in England, is that it results in severe rationing.

_____ 56. It bothers me when something unexpected interrupts my daily routine.

_____ 57. Men like Henry Ford or J. P. Morgan, who overcame all competition on the road to success, are models for all young people to admire and imitate.

_____ 58. In times like these it is often necessary to be more on guard against ideas put out by certain people or groups in one's own camp than by those in the opposing camp.

_____ 59. The reason that criticism is a poor policy is that it prevents you from making and keeping friends.

_____ 60. In certain things Stalin was right.

_____ 61. Some people are born with an urge to jump from high places.

_____ 62. There are a number of persons I have come to hate because of the things they stand for.

_____ 63. It is when a person devotes himself to an ideal or cause that his life becomes meaningful.

_____ 64. I am a high-strung person.

_____ 65. Whether it's alright to manipulate people or not, it is certainly alright when it's for their own good.

_____ 66. It's already crystal-clear that the United Nations is a failure.

_____ 67. In this complicated world of ours the only way we can know what is going on is to rely upon leaders or experts who can be trusted.

_____ 68. It's better not to talk about people behind their back, because sooner or later it gets back to them, and you get a reputation as a gossip.

(-24-)

+1: I AGREE A LITTLE

+2: I AGREE ON THE WHOLE

+3: I AGREE VERY MUCH

-1: I DISAGREE A LITTLE

-2: I DISAGREE ON THE WHOLE

-3: I DISAGREE VERY MUCH

_____ 69. Young people sometimes get rebellious ideas, but as they grow up they ought to get over them and settle down.

_____ 70. My blood boils whenever a person stubbornly refuses to admit he's wrong.

_____ 71. There are two kinds of people who fought Truman's Fair Deal program: the stupid and the selfish.

_____ 72. A person must be pretty ignorant if he thinks that Eisenhower is going to let the "big boys" run this country.

_____ 73. Most of the ideas which get published nowadays aren't worth the paper they are printed on.

_____ 74. I often start things I never finish.

_____ 75. Negroes deserve equal treatment, because there is as yet no scientific evidence showing that there is any real difference in body odors.

_____ 76. It is only natural that a person should have a much better acquaintance with ideas he believes in than with ideas he opposes.

_____ 77. A man who does not believe in some great cause has not really lived.

_____ 78. The United States and Russia have just about nothing in common.

_____ 79. If given the chance I would do something that would be of great benefit to the world.

_____ 80. A person who thinks primarily of his own happiness is beneath contempt.

_____ 81. There are two kinds of people in this world: Those who are on the side of truth and those who are against it.

(-25-)

+1: I AGREE A LITTLE

+2: I AGREE ON THE WHOLE

+3: I AGREE VERY MUCH

-1: I DISAGREE A LITTLE

-2: I DISAGREE ON THE WHOLE

-3: I DISAGREE VERY MUCH

_____ 82. The reason we should show consideration for others is that they will reciprocate and show consideration for us.

_____ 83. The American armament program is clear and positive proof that we are willing to sacrifice to preserve our freedom.

_____ 84. In a heated discussion I generally become so absorbed in what I am going to say that I forget to listen to what the others are saying.

_____ 85. In the history of mankind there have probably been just a handful of really great thinkers.

_____ 86. If a man fails to practice what he preaches, there's something wrong with what he preaches.

_____ 87. I frequently find myself worrying about something.

_____ 88. A person who gets enthusiastic about a number of causes is likely to be a pretty "wishy-washy" sort of person.

_____ 89. The reason it's better to let people make up their own mind is because they won't follow your advice anyway.

_____ 90. I work under a great deal of tension.

_____ 91. It isfoolish to think that the Democratic Party is really the party of the common man.

_____ 92. I am easily awakened by noise.

_____ 93. Make no mistake about it! The best way to achieve security is for the government to guarantee jobs for all.

_____ 94. Once I get wound up in a heated discussion I just can't stop.

_____ 95. Do unto others as they do unto you.

_____ 96. For most questions there is just one right answer once a person is able to get all the facts.

(-26-)

+1: I AGREE A LITTLE

+2: I AGREE ON THE WHOLE

+3: I AGREE VERY MUCH

-1: I DISAGREE A LITTLE

-2: I DISAGREE ON THE WHOLE

-3: I DISAGREE VERY MUCH

_____ 97. I wish people would be more definite about things.

_____ 98. Most people just don't give a "damn" about others.

_____ 99. My hardest battles are with myself.

THANK YOU FOR HELPING TO MAKE THIS IMPORTANT PIECE OF CREDIT UNION RESEARCH POSSIBLE.

APPENDIX C

RESPONSES TO QUESTION 10

"IF YOU FEEL THAT LEAGUE SERVICES CAN BE IMPROVED, WHAT IMPROVEMENT WOULD YOU RECOMMEND?"

Responses to both groups are combined. Differences were not sufficient to require separation of responses.

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1. CLOSER CONTACT WITH THE LOCAL CREDIT UNION was the major general comment. Thirteen respondents in each group gave this reply in the following ways: Closer contact; more regular contact; more frequent visits; more field representative contact; periodic visits; more regular help; consistent help in organizing and follow-up for new, small and weak credit unions.

   Some specific methods which are recommended are: more frequent visits; attend board, committee and other local meetings, closer watch of practices; spot check and make recommendations; meet with us three times a year.

2. IMPROVEMENT OF EDUCATION SERVICES were recommended as follows:

   - In training of officers and office help
   - In credit union philosophy and principles
   - In credit union economics

-In methods of electing board members

-In handling of money

-In handling investments, dividends and the like with methods such as continuous classes, free literature, staff work with individual credit unions were recommended.

3. DELINQUENCY CONTROL SERVICES were recommended:

-Aid in delinquent loan collection

-Assist in security repossession

-Provide delinquency lists to League members

-Provide credit rating services

-Provide information on bad loans

Recommended methods are the establishment of a clearing house of information and establishment of a collection agency. One person felt that "League Creditor's Service should operate closer to credit union ideals than according to loan shark principles." Other specific services which should be provided or improved are:

-Advertising to the public through radio and television

-Central auditing by League

-More pamphlets on purposes and benefits of credit union

-Sickness insurance

-Technical help for small credit unions

-Better legal advice

-Help when we need it with our books

4. COST OF LEAGUE SERVICES AND MEMBERSHIP is too high were

the gist of four comments. Other related comments are:

-"Waiting period when you ask for service is too long."

-"Advice more often for state than for Federal credit unions."

-"They don't always have enough time to give necessary assistance."

-"Larger field staff to help with problems that arise."

5. MISCELLANEOUS comments about the League and its services were:

-"We are secure enough without it."

-"Services in all categories could be expanded a little more."

-"Improvement could be made re computation of annual dues from individual credit unions. I do not feel that the present system of penalizing large credit unions by making them pay a large membership fee is fair."

-"Not aware of any service. Any service they do offer generally costs in addition to dues."

-"There is a tendency to expand services in all directions where the leadership is too far ahead of the member credit unions. Perhaps the need is to work close with the members and encourage participation of the credit unions."

-"Different men have come before us don't agree on a policy; and we have run into some trouble taking their advice."

APPENDIX D

RESPONSES TO QUESTION 14a

"IF YOU FEEL THERE SHOULD BE MORE OR LESS GOVERNMENT REGULATION THAN THERE IS NOW, PLEASE INDICATE IN WHAT WAYS."

Responses for both groups are combined. Differences were not sufficient to require separation of responses. Parentheses indicate whether respondent belongs to a Federal- or State-chartered credit union.

1. MORE FLEXIBILITY AND GREATER ALLOWANCE FOR INDIVIDUAL CREDIT UNION DIFFERENCES were the tenor of seven comments with regard to the governmental agencies' relations to the local credit union:

   -"There should be less effort by the Bureau to control individual policies of the Board." (Federal Charter)

   -"Federal Bureau regulations should be more elastic to allow for the particular requirements of individual credit unions." (Federal Charter)

   -"The people should do with their money as they want to." (State Charter)

   -"Each credit union has a different type of membership. . . . Know their membership's abilities for savings, loan repayment, etc., better than the Bureau." (Federal Charter)

-"Let the credit unions be on their own, because with too much regulation we will become too much like money-making places, such as banks, loan offices, etc." (Federal Charter)

-"Allow the credit union Board to set and determine more policies." (Federal Charter)

-"Government policies should be flexible enough to allow for differences between credit unions." (State Charter)

2. MORE LOCAL AUTONOMY REGARDING LOAN POLICIES was the purport of six comments:

-"Local credit union to have more voice on loans and credit committee meetings." (Federal Charter)

-"I think loan policy should be left to the individual credit union." (Federal Charter)

-"Purpose of credit union is many times hindered by restrictions especially on time element." (Federal charter)

-"There should be less in the way we loan inasmuch as our money is loaned to people we know." (Federal Charter) (Cooperative group)

-"Especially as to membership and people to whom loans can be made." (Federal Charter)

-"Loan limits." (Federal Charter)

3. MORE FREQUENT AUDITS were requested by three comments from Federal credit unionists.

Other comments regarding AUDITS are as follows:

-"Regular supervision should be done by League auditing." (State

Charter)

-"They (governmental agency) should pay the auditor." (Federal Charter)

-"Examiners fees are too steep for small credit unions." (Two Federal-chartered comments)

4. MISCELLANEOUS COMMENTS on specific and general items appear below:

-"A better interpretation of the credit union law and a few changes in the law." (Federal Charter)

-"Less regulation by interpretation of the law." (Federal Charter)

-"That treasurer s salary should be able to be set by board without request to change by-laws. Shouldn't have been in Federal Bureau in first place. They are entirely too quick to try to find the slightest flaw in your charter." (Federal Charter)

-"Examiners sometimes make weird advice such as shouldn t make more than $10, 000 deposit in service savings and loans. They pick out small details at times. They can be very autocratic such as Ford's closing. We pay for auditing service and we should get some say in its operation." (Federal Charter)

-"Each examiner that comes in lets us do something a little different which is confusing at times when you try to follow them." (Federal Charter)

-"At present, whether or not it should be, is under the influence of bankers. They are <u>not</u> friends of credit unions. Many times in my

experience they have been unfair." (State Charter)

-"More federal help." (Federal Charter)

-"Be more of a boss." (Federal Charter)

-"More protection." (Federal Charter)

-"I don't feel the present governmental body understands the true function of a credit union." (Federal Charter)

-"Need is for interaction and cooperation between supervising agency and League to build stronger credit unions and catch problems when they are small." (Federal Charter)

APPENDIX E

THE INDEX OF CREDIT UNION SUCCESS

Monthly statistical reports for 388 credit unions were inspected to determine the range within five levels of credit union success: way above average, above average, average, below average, and way below average. This inspection was carried out on four items of the index: the ratio of actual to potential members, the ratio of borrowers to members, the ratio of expenses to income, and the ratio of net earnings to shares. Differences are noted between the two major types of credit unions, i.e., those with an occupational type common bond and those with a non-occupational common bond (associational and residential credit unions). Table XXXII presents the index ratings for occupational credit unions. Table XXXIII presents the index ratings for non-occupational credit unions.

On three items of the index the figure for success is higher for occupational credit unions than for non-occupational credit unions. Occupational credit unions with 70 percent or higher ratio of actual to potential members are defined as way above average, while non-occupational credit unions with a 45 percent or higher ratio in this area are so classified. A range in each level is usually given. For example, non-occupational credit unions which have a ratio between 50 and 54 percent of borrowers to members are considered above average in this item.

TABLE XXXII

INDEX OF SUCCESS FOR OCCUPATIONAL CREDIT UNIONS

Credit Union Ratings	Ratios I: Actual Members / Potential Members	II: Borrowers / Members	III: Expenses / Income	IV: Net Earnings / Shares
Way above average	.70+	.55+	.29 - .39	.040+
Above average	.50 - .69	.50 - .54	-	.035 - .039
Average	.40 - .49	.40 - .49	.40 - .54	.030 - .034
Below average	.20 - .39	.20 - .39	.55 - .74 .20 - .29	.020 - .029
Way below average	.01 - .19	.01 - .19	.75+ .01 - .19	.00 - .019

Item III, the ratio of expenses to income, differs in that a middle range is considered way above average. Credit unions which spend too much or too little are considered to be below average in this respect.

A score of 5 points was given the credit union with a way above average rating on each item, 4 points for above average, 3 points for average, 2 points for below average, and 1 point for way below average. These ratings were added and divided by the number of ratings in order to obtain a mean rating for each credit union. This composite rating is

known as the index rating of the credit union under consideration.

TABLE XXXIII

INDEX OF SUCCESS FOR NON-OCCUPATIONAL CREDIT UNIONS

Credit Union Ratings	Ratios I: Actual Members / Potential Members	II: Borrowers / Members	III: Expenses / Income	IV: Net Earnings / Shares
Way above average	.45 +	.45 +	.50 - .59	.03 +
Above average	.35 - .44	.35 - .44	-	.025 - .029
Average	.25 - .34	.25 - .34	.60 - .65 .40 - .49	.020 - .024
Below average	.20 - .24	.20 - .24	.66 - .74 .20 - .39	.010 - .019
Way below average	.01 - .19	.01 - .19	.75 + .01 - .19	.00 - .009

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