

# Ownership and Banking

## The Cooperative Difference

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# Ownership and banking

The cooperative difference

Thomas Poulsen and Troels Mandøe Glæsner

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# OWNERSHIP AND BANKING: THE COOPERATIVE DIFFERENCE

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Tænk tanken Demokratisk Erhverv

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**Forenet  
Kredit**

 **Building Societies  
Association**

**CBS**  **COPENHAGEN  
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HANDELSHØJSKOLEN



## SUMMARY IN DANISH

En rapport fra den britiske forening Building Societies Association (BSA) konkluderer på baggrund af en spørgeskemaundersøgelse foretaget i samarbejde med YouGov, at ansatte i demokratisk ejede banker "sætter deres kunder, som også er deres medlemmer, først", og at "medlemsejerskabet og den organisationskultur, der følger heraf, kan føre til betydelige forskelle for kunderne", der ofte indebærer "højere standarder i service og adfærd" (BSA, 2017: 12). De resultater, der præsenteres i denne rapport, indikerer, at noget lignende gør sig gældende i danske banker med demokratisk ejerskab. Definitionen af demokratisk ejerskab følger den fra Tænk tankens Demokratisk Erhvervs rapport fra tidligere i år.

Før resultaterne præsenteres er der et par væsentlige forbehold, der skal nævnes. Først og fremmest kan man ikke sige, at der er tale om kausale sammenhænge mellem ejerskab og de resultater, der fremstilles her. Det er korrelationer, der præsenteres. Desuden er besvarelsene udtryk for de ansattes opfattelser og er altså ikke nødvendigvis det samme, som andre respondenter ville have svaret. Resultaterne viser derfor en side af fortællingen; men en vigtig en.

Det første resultat, der skal nævnes her, er, at demokratisk ejede banker har mindre fokus på profit maksimering. Dermed ikke sagt at profit ikke er vigtig i banker med demokratisk ejerskab. Faktisk er flere end halvdelen af de ansatte i banker med demokratisk ejerskab af den opfattelse, at profit maksimering er bankens hovedformål. Det er dog en relativ lille majoritet sammenlignet med øvrige banker.

For det andet, og relateret til det første resultat, fordeler banker med demokratisk ejerskab den skabte værdi anderledes. I disse banker modtager ejerne mindre end i øvrige banker, kunderne modtager mere, og det gør lokalsamfundet også. Ansatte, det bredere samfund og miljøet modtager den samme andel på trods af, at der er markante forskelle mellem de to typer af banker med hensyn til deres højere formål.

For det tredje er forholdet mellem bank og kunde bedre i banker med demokratisk ejerskab. Når vi spørger de ansatte, er kunderne i banker med demokratisk ejerskab mere tilbøjelige til at mene, at deres bank er etisk, samvittighedsfuld og troværdig. Generelt sætter danske banker deres kunder først, men banker med demokratisk ejerskab gør det i endnu højere grad end øvrige banker. Alt dette kan være noget af grunden til, at ansatte i banker med demokratisk ejerskab er mere stolte af deres arbejdsgever, hvilket undersøgelsen også viser.

For det fjerde har ansatte i banker med demokratisk ejerskab ikke mere indflydelse på indholdet af deres arbejde, men de har mere indflydelse på, hvordan de løser deres arbejdsopgaver, når indholdet af disse er besluttet. Dette afspejles også i, at ansatte i banker med demokratisk ejerskab i højere grad træffer beslutninger, der er baseret på vurderinger af ikke-økonomiske faktorer herunder relationen til kunden.

For det femte ser organisationskulturen ud til at være forskellig i banker med og uden demokratisk ejerskab; ansatte i banker med demokratisk ejerskab oplever, at kulturen er mere tillidsfuld, gennemsigtig og inkluderende. Konkret synes ansatte i banker med demokratisk ejerskab, at ledelsen er bedre til at informere om årsagerne til de beslutninger, der træffes. De er også mere tilbøjelige til at stole på, at ledelsens forretningsbeslutninger er velinformerede og socialt ansvarlige. Desuden involverer ledelsen i disse banker i højere grad de ansatte i væsentlige beslutninger.

Slutteligt, når demokratisk ejede banker i UK og DK sammenlignes, er det de danske banker, der er mest profit orienterede. Ser man dernæst på den værdi, der fordeles til forskellige interessenter, er den største forskel mellem de to lande den mellem ejere og kunder. I DK går en større andel af værdien til ejerne og en mindre andel til kunderne. Her er det vigtigt at huske på, at der er et overlap mellem ejere og kunder i banker med demokratisk ejerskab (i nogle er der fuldstændig sammenfald). Det kan betyde, at forskellen ikke er så stor, som den umiddelbart ser ud. Forskellen kan dog også være et udtryk for, at der er forskel på, hvordan demokratisk ejede banker i de to lande tjener deres medlemmer/kunder, altså i hvilken udstrækning de behandles som henholdsvis medlemmer/ejere eller kunder.

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## 1 INTRODUCTION

In December 2019, the Building Societies Association (BSA) issued a research brief, where it called on academic partners to assist in developing and delivering research in the areas of ownership structures, stakeholders and organizational culture in financial mutuals. BSA itself publishes reports on these topics (BSA, 2017, 2020a,b).<sup>1</sup> Quoting from the titles of the two referenced reports, they find that “ownership matters” and that “a more diverse corporate landscape can work better for everyone”. The first BSA report moved me, Thomas Poulsen, to react to the call; I submitted an application for funding to do a similar survey on Danish banks comparing employee perceptions in cooperative banks and commercial banks.

In the meantime, I had discussed the first BSA report with the top management team of the association (Forenet Kredit) behind the largest cooperative bank in Denmark (Nykredit). The interesting findings resonated with them. It was my impression that they pointed to how the bank perceived themselves, while also sparking a curiosity about the state of affairs in Denmark. Moreover, the UK findings allowed for only limited comparisons between different ownership types within the banking sector, which are interesting comparisons to make (see BSA, 2020b). I was then fortunate to bring together the BSA and Forenet Kredit in funding a survey among Danish bank employees in cooperative banks and commercial banks, respectively. I am grateful for the support.

This paper reports on the findings from the survey. For comparing responses from UK and DK, I have recycled the questions from the two BSA reports, but I have also formulated additional ones. I will mainly focus on the Danish findings. Section 2 contains a description of the data process. Section 3 contains a description of some survey results. While there are not yet any comparisons to the UK, this section takes its structure from the themes in the BSA reports. Section 4 concludes on the Danish findings. In appendix A, there is a graphical juxtaposition of UK and DK results for a selection of questions. Appendix B contains the complete questionnaire (in Danish).

I have worked closely together with Troels Mandøe Glæsner from Tænketanken Demokratisk Erhverv on the analysis of the data. I am grateful for his competent engagement in this paper.

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<sup>1</sup> BSA, 2017. *Ownership matters. Organizational culture in building societies*. Building Societies Association.  
BSA, 2020a. *Rebuilding business for society. How a more diverse corporate landscape can work better for everyone*. Building Societies Association.  
BSA, 2020b. *Financial services with purpose*. Building Societies Association.

## 2 DATA

The survey was administered by DST Survey. This is a survey unit within Statistics Denmark (DST). DST is the central authority on statistics in Denmark. There are important reasons for choosing DST. The most important is that DST's population register and registers otherwise allow me to apply the highest standards for universal representativeness.<sup>2</sup> Second, DST records the social security number for each respondent and provides this in anonymized form (on a secure platform hosted by DST). This is both unique and valuable for future research, as it allows me to augment the survey responses with a range of other data from DST's registers at the individual level as well as the firm level.

### 2.1 SUMMARY OF THE PROCESS

50 questions were sent to DST Survey in March 2021. As mentioned, the questions from the two BSA reports were part of these. The 50 questions were tested in a pilot study in April and minor adjustments to the questionnaire were made as a result. DST then invited 4,031 to participate (2,022 from cooperative banks and 2,009 from other banks) and received 2,121 responses (1,123 from employees in cooperative banks and 998 from employees in other banks). This brings the response rate to 52.6 percent. The survey was conducted in the period May 18 to July 5, 2021.

### 2.2 POPULATION AND SAMPLE

To begin, we used NACE codes for industries to identify individuals working in banks (NACE 6419). Next, we used occupational codes to identify individuals working as:

- Bank tellers (ISCO-08 4211)
- Credit and loan officers (ISCO-08 3312)
- Financial and investment advisors (ISCO-08 2412)

This gave us a population of 12,608 individuals per March 31, 2021. This population was then stratified into two groups:

1. Cooperative banks
2. Other banks

We relied on the identification of cooperative banks by TDE (2021).<sup>3</sup> This identification is careful and reliable and thus preferable to a cruder identification based on lower level NACE codes. The main sources for their identification are the banks' articles of association and their ownership stakes as registered by the Business Authority. The identifying assumption is that the controlling influence can be traced back to a democratic assembly. There are 58 banks in Denmark and 32 qualify as cooperative banks by this definition.

Finally, 2,050 individuals were sampled from each stratum. 4,031 individuals passed the validation.<sup>4</sup>

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<sup>2</sup> EUROSTAT 2009: Survey sampling reference guidelines.

<sup>3</sup> TDE, 2021. *Danmarks demokratiske pengeinstitutter*. Tænketanken Demokratisk Erhverv.

<sup>4</sup> A few days before the survey started (May 18, 2021), the sample from March 31, 2021 was validated against the most recent update of the population register. In this case, 19 individuals dropped out in the interim period (due to either death, emigration, or address protection in the register, which means that DST is not allowed to contact them).

The survey results presented in this section are related to and structured around the themes in the BSA reports. This takes us around profit as purpose, how bank employees think the value created by their employers is distributed across different stakeholder groups, dimensions of “ownership and values” related to customers and employees, respectively, as well as whether the bank fosters trust and trustworthiness, communicates well, and invites employees into decision making processes.

## SUMMARY

### Banking cooperatives

- Are less profit driven
- Produce more value for customers and local communities
- Have better customer relations

### Moreover, employees in banking cooperatives

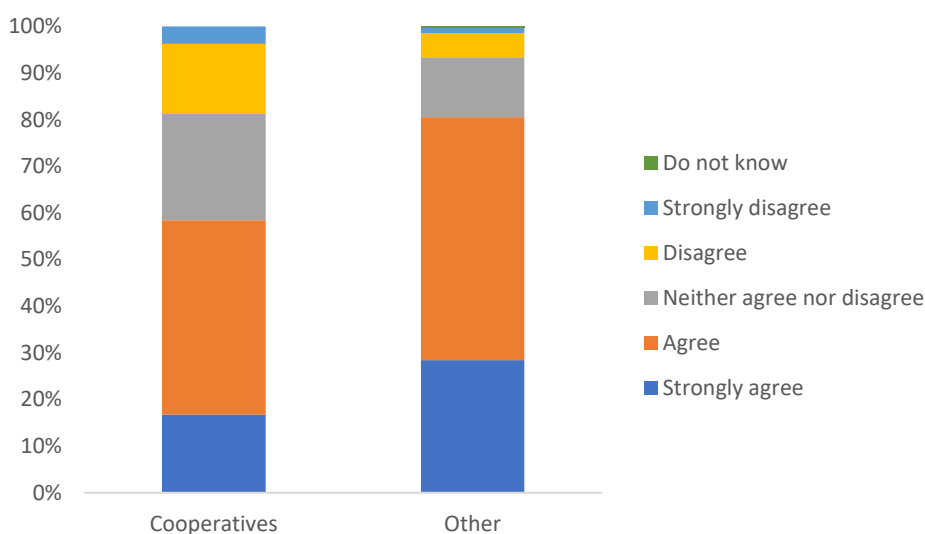
- Are more proud of their workplace
- Have more on the job autonomy
- Trust the decisions of their management more
- Communicate better with their managers



### 3.1 PROFIT AS PURPOSE

Cooperative banks are often thought of as less profit driven than commercial banks. After all, when their owners/members are also their customers, other guiding principles, such as lower prices and better service, naturally arise. In fact, the dual role as owners/members and customers and a related dual purpose is one of the defining characteristics. Nonetheless, a majority of the surveyed employees in both cooperative banks and other banks think that profit maximization is the main purpose. It is, however, a relatively small majority in the cooperative banks, where 59 percent of the employees agree with profit as the main purpose. The corresponding number for employees in other banks is 81 percent.

**Figure 1. To what extent do you agree that the main purpose of your organization is to maximize profits?**



*Note 1: Chi square test shows that there is a statistically significant difference in the distribution of answers.*

*Note 2: This is question 21 in the questionnaire.*

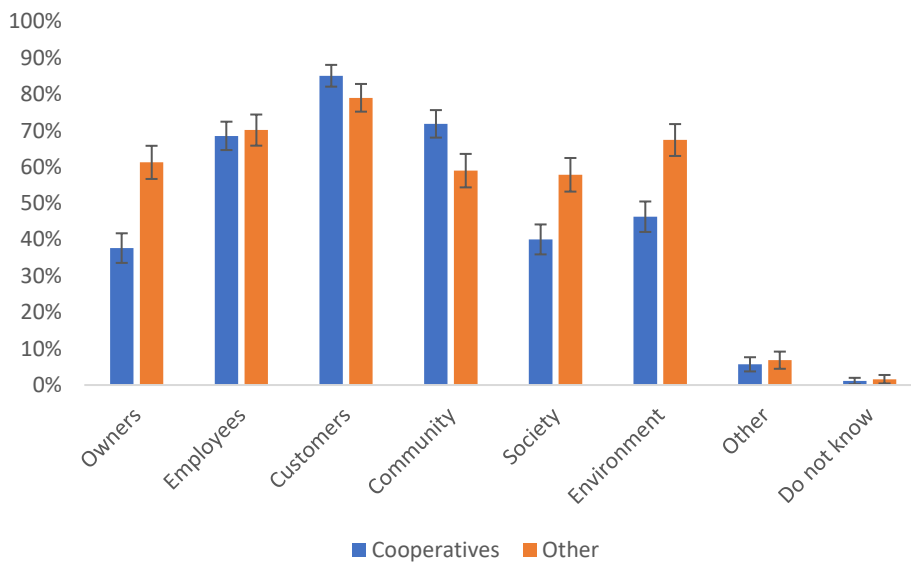
Figure 1 shows notable differences between the two distributions. 17 percent of cooperative employees strongly agree with profit as the main purpose. This is the case for 29 percent of other employees. Likewise, 42 percent of the cooperative employees agree with profit as the main purpose. This is the case for 52 percent of the other employees.

We also asked employees about organisational higher purpose. A statement of organisational higher purpose captures the higher social or human purpose served by the bank, beyond just the business objectives (Bunderson and Thakor, 2021).<sup>5</sup> A statement of higher purpose thus makes it clear to all how the business of the bank helps society. For example, organisational purpose may be about solving a societal problem or operating with deep respect for the dignity of each employee.

Figure 2 shows that cooperative employees and other employees differ when they are asked about the beneficiaries of their organisations' higher purpose.

<sup>5</sup> Bunderson, S. and Thakor, A.V., 2021. Higher purpose, banking and stability. *Journal of Banking and Finance*, In Press.

**Figure 2. Beneficiaries of organisational higher purpose**



*Note 1: Error bars from t-tests. Non-overlapping bars mean that there is a statically significant difference in means.*

*Note 2: This is question 11 in the questionnaire.*

38 percent of the cooperative employees answer that owners are one of the beneficiaries of the banks' higher purpose, whereas this is the case for 61 percent in other banks. Banks also differ on the degree to which local communities, wider society, and the natural environment benefit from the organisational higher purpose. 72 percent of the employees in cooperative banks answer that the local community is a beneficiary of the organisational higher purpose; 59 percent of the employees in other banks answer the same. This difference may be related to the difference in size. Cooperative banks tend to be smaller and have a more local focus.

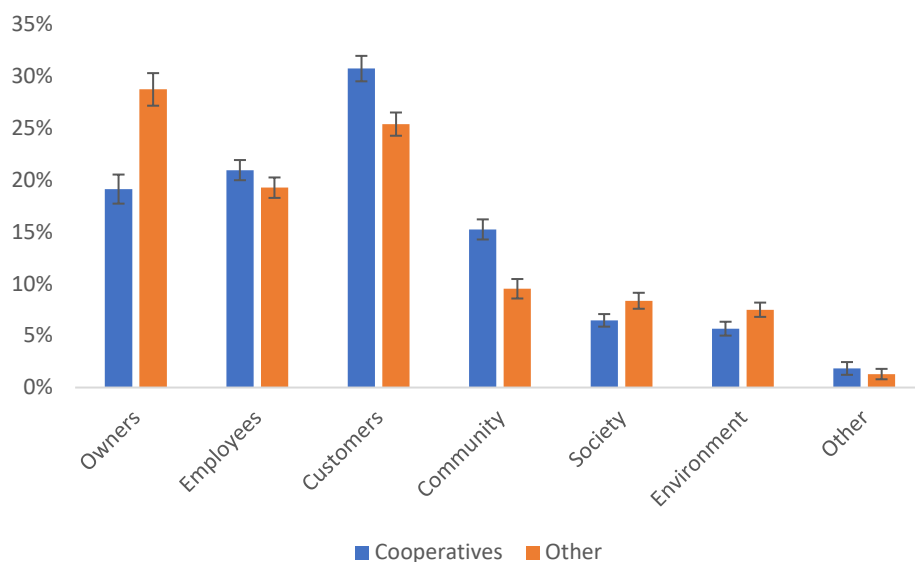
This difference is turned around, so to say, when we look at wider society. Here, 40 percent of the cooperative employees answer that wider society is one the beneficiaries, whereas this is the case for 58 percent in other banks. The difference may, however, still be related to the difference in size. Non-cooperative banks tend to be larger and with a broader, more nation-wide focus. The natural environment is more often a part of the organisational higher purpose in non-cooperative banks than in cooperative banks, according to the employees (67 percent versus 46).

Lastly, it is noteworthy that there is no significant difference in the answers, when we ask employees about employees and customers, respectively, as beneficiaries of the banks' higher purpose.

### 3.2 DISTRIBUTION OF PROPORTION OF BENEFIT

We also asked employees to allocate 100 points between the different beneficiaries just listed. We did this because a statement of organisational higher purpose is a statement, an intention, and, as such, it does not show the actual distribution of the value derived from the operation of the bank. Figure 3 shows the differences.

**Figure 3. Distribution of benefits to stakeholders related to the bank**



*Note 1: Error bars from t-tests. Non-overlapping bars mean that there is a statically significant difference in means.*

*Note 2: This is question 14 in the questionnaire.*

Most notably, cooperative employees assign a lower percentage of the benefits to the owners, who are also the customers. Customers, on the other hand, receive on higher percentage. There is also a relatively large and statistically significant difference in the share of benefits received by the local commuunity. This is the fourth largest beneficiary after owners, employees, and customers. Cooperative banks distribute 15 percent of the benefits to this local community, according to their employees. The corresponding number for other banks is 10 percent.

Overall, it is interesting to compare figures 2 and 3 for alignment between (stated) intentions and (perceived) actions. For this purpose, we have created a box with rank comparisons.

Rank comparisons				
Cooperatives			Other	
	Higher purpose	Distribution of benefits	Higher purpose	Distribution of benefits
1	Customers	Customers	Customers	Owners
2	Community	Employees	Employees	Customers
3	Employees	Owners	Environment	Employees
4	Environment	Community	Owners	Community
5	Society	Society	Community	Society
6	Owners	Environment	Society	Environment
7	Other	Other	Other	Other

### 3.3 OWNERSHIP AND VALUES

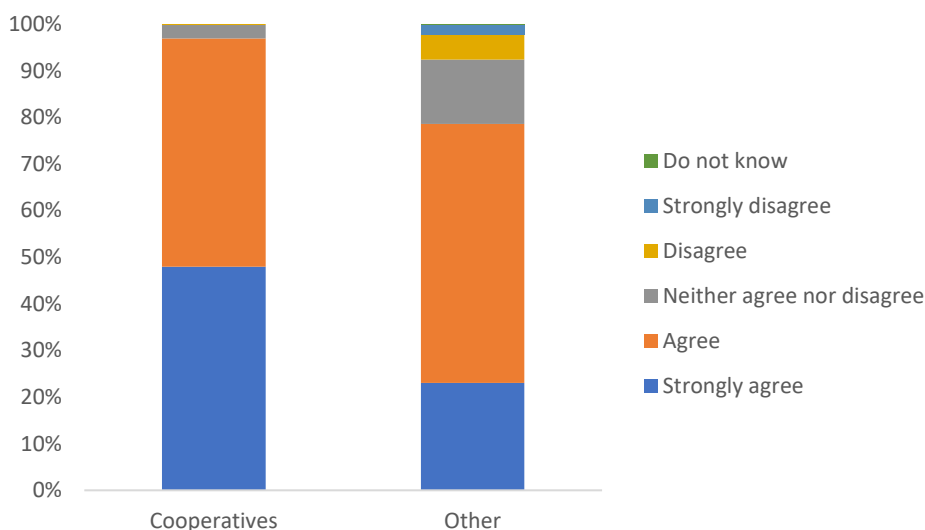
How ownership translates into business values determines how employees behave, and how customers are treated. This section will show a number of differences in the different types of banks' relations to employees and customers, including:

- Employees in cooperatives believe that customers find the bank to be ethical, conscientious, and trustworthy
- Employees in cooperatives are more proud of the bank they work for
- Employees in cooperatives have a higher degree of autonomy on the job

#### 3.3.1 CUSTOMERS

This subsection takes a look at the banks' relations to customers, and how employees think that customers experience the bank. Respondents were asked to what extent they agree that their organisations are trustworthy, advising as opposed to selling, straightforward to deal with, ethical, conscientious, and friendly. As we shall see, the answers quite consistently indicate that customers have a more positive relationship with cooperative banks.

**Figure 4. My organization is trustworthy**



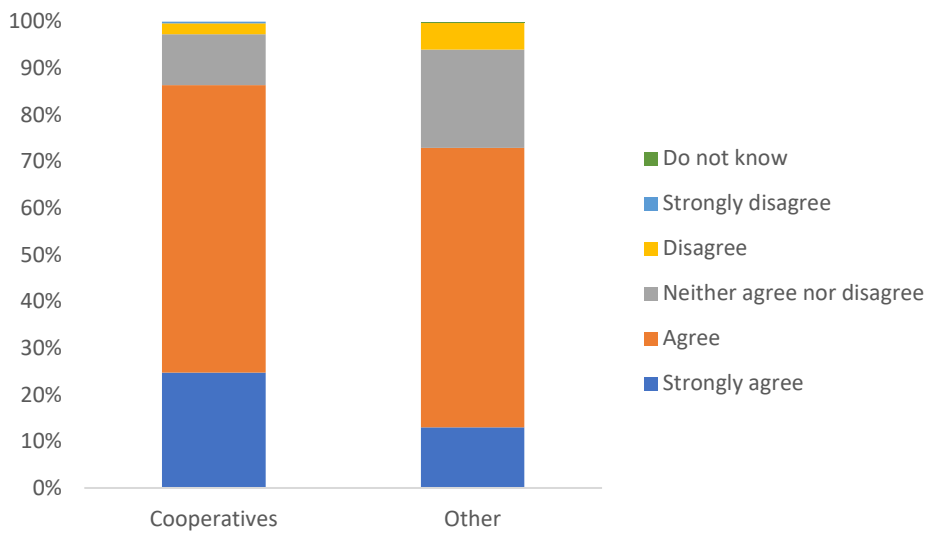
*Note 1: Chi square test shows that there is a statistically significant difference in the distribution of answers.*

*Note 2: This is question 15 in the questionnaire.*

Figure 4 shows a difference between employees in cooperative banks and other banks when it comes to the banks' trustworthiness. 48 percent of the cooperative employees strongly agree that their bank is trustworthy. The corresponding number for other banks is 23 percent. 49 percent of the cooperative employees agree (as oppose to strongly agree) that their bank is trustworthy. This is 56 percent for banks. In total, 97 percent of the cooperative employees agree or strongly agree to the statement, while 79 percent of employees in other banks agree or strongly agree. At the other end of the scale, 0.2 percent of the employees in cooperative banks disagree or strongly disagree that their bank is trustworthy, while 8 percent of the employees in other banks provide the same answer.

When asked to what extent they agree that their bank is advising as opposed to selling, 25 percent of the cooperative employees strongly agree, compared to 13 percent in other. The proportion of employees that agree to the statement is roughly the same in the two groups. Approximately half as many employees disagree or strongly disagree with the statement in cooperative banks.

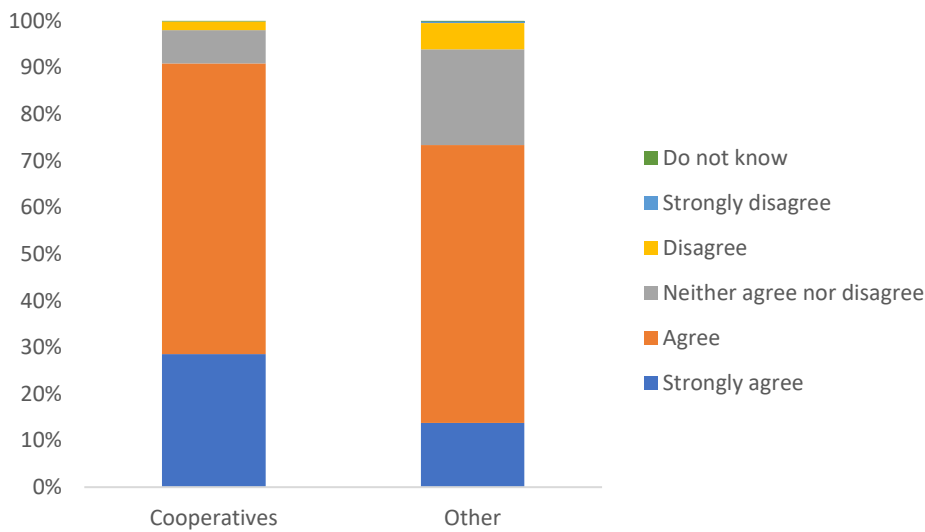
**Figure 5. My organization advises as opposed to sells**



Note 1: Chi square test shows that there is a statistically significant difference in the distribution of answers.

Note 2: This is question 16 in the questionnaire.

**Figure 6. My organization is straightforward to deal with**

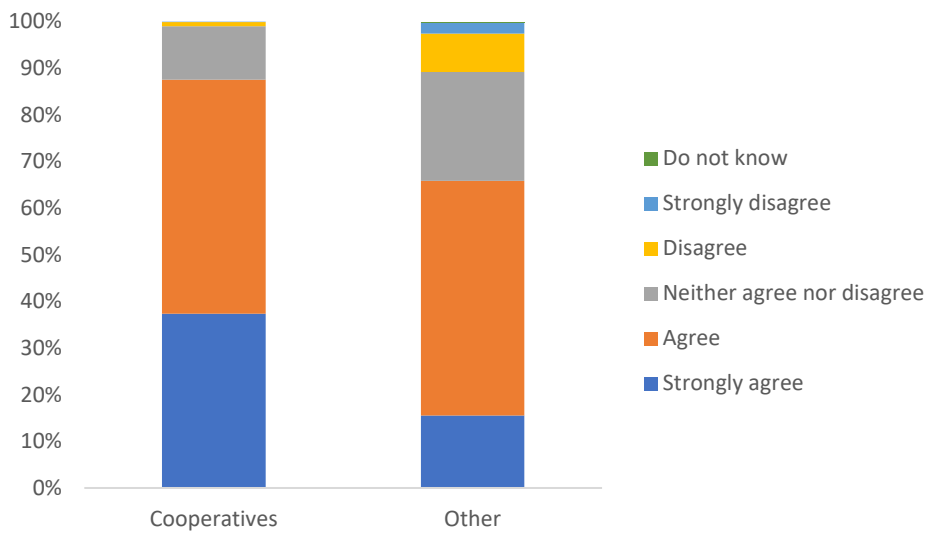


Note 1: Chi square test shows that there is a statistically significant difference in the distribution of answers.

Note 2: This is question 17 in the questionnaire.

When asked to what extent they agree that their bank is straightforward to deal with, there are some differences between the two groups. Employees in cooperative banks are more than twice as likely to strongly agree. 29 percent of the employees in cooperative banks strongly agree. The corresponding number for other banks is 14 percent. 62 percent of cooperative employees agree to the statement. Here, the corresponding number for other banks is 60 percent. In total, 91 percent of the cooperative employees agree or strongly agree, compared to 73 percent for other employees. Finally, non-cooperative employees are 3 times as likely to disagree or strongly disagree that their bank is straightforward to deal with (6 percent compared to 2 percent).

**Figure 7. My organization is ethical**

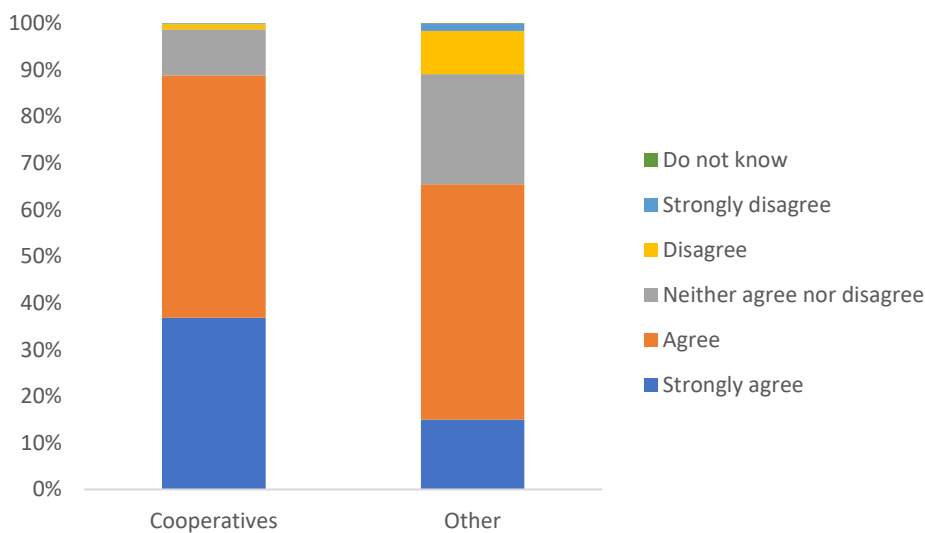


*Note 1: Chi square test shows that there is a statistically significant difference in the distribution of answers.*

*Note 2: This is question 18 in the questionnaire.*

Employees in cooperative banks tend to agree that their bank is ethical to a larger extent than employees in other banks. 37 percent of the employees in the cooperative banks strongly agree, while 16 percent in other banks provide the same answer. Employees in cooperative banks are thus more than twice as likely to strongly agree that their bank is ethical. 50 percent agree to the statement, irrespectively of the ownership type. Among employees in other banks, 8 percent disagree and 2 percent strongly disagree. The corresponding numbers for cooperative banks are 1 percent disagree and close to 0 percent.

**Figure 8. My organization is conscientious**

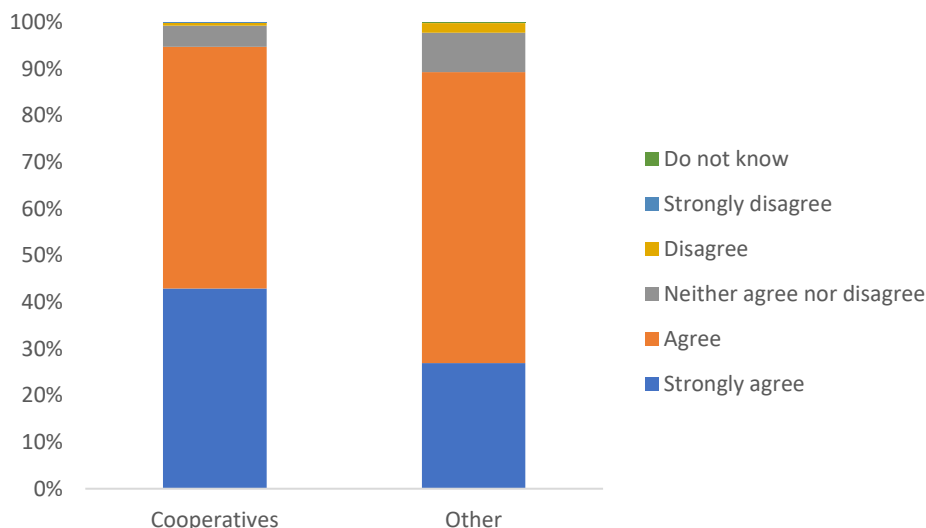


*Note 1: Chi square test shows that there is a statistically significant difference in the distribution of answers.*

*Note 2: This is question 19 in the questionnaire.*

When asked to what extent they agree that their bank is conscientious, employees in cooperative banks and other banks again differ in their answers. 37 percent of the cooperative employees strongly agree that their banks is conscientious, while 15 percent in other banks provide the same answer. 52 percent agree to the statement, while 50 percent in other banks provide the same answer. Again, employees in cooperative banks are less likely to disagree or strongly disagree.

**Figure 9. My organization is friendly**



*Note 1: Chi square test shows that there is a statistically significant difference in the distribution of answers.*

*Note 2: This is question 20 in the questionnaire.*

When asked to what extent they agree that their bank is friendly, the two groups differ but not to the same extent as in some of the previous questions. Among employees in cooperative banks, 43 percent strongly agree that their bank is friendly, compared to 27 percent in other banks. 52 percent agree (as oppose to strongly agree) with the statement, compared to 62 percent. This makes employees in the two groups almost equally likely to agree or strongly agree with the statement.

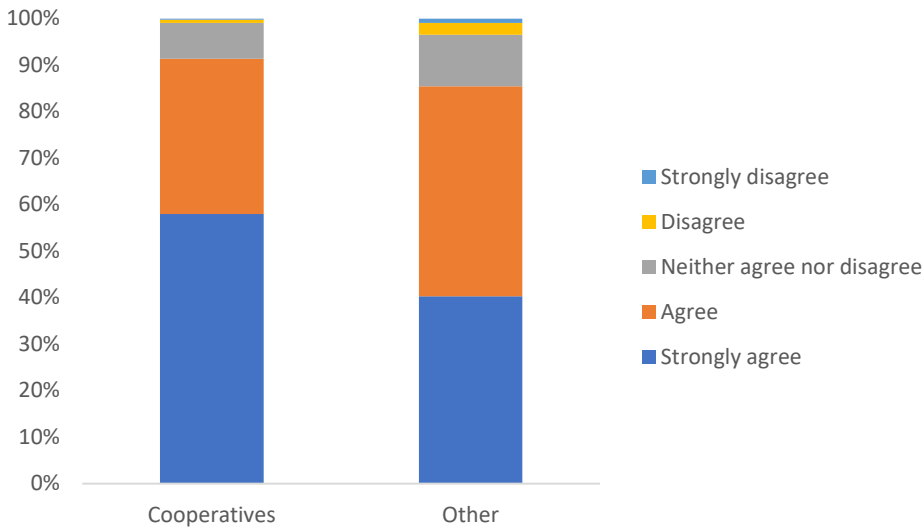
### 3.3.2 EMPLOYEES

Ownership and values seem to matter for the relations to customers. To examine whether they matter for the relations to employees, we asked respondents a number of questions about their working environment.

#### 3.3.2.1 PRIDE

Figure 10 shows that 58 percent of cooperative employees strongly agree that they are proud of the bank where they work. This is the situation for 40 percent of the non-cooperative employees. 33 percent agree with the statement. This is the situation for 45 percent of the non-cooperative employees. 1 percent disagree or strongly disagree with the statement. This is the situation for 3 percent of the non-cooperative employees.

**Figure 10. I am proud to work for the bank at which I work**



Note 1: Chi square test shows that there is a statistically significant difference in the distribution of answers.

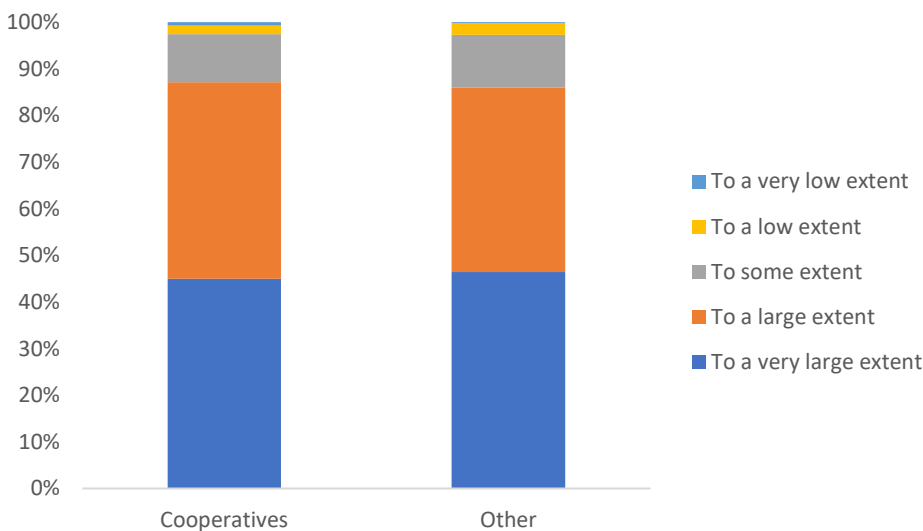
Note 2: This is question 5 in the questionnaire.

**3.3.2.2 RELATION TO IMMEDIATE MANAGER**

When asked in different ways about the relation to the immediate manager, there are no differences between the two ownership types, as figures 11-13 show.

In general, a large share of employees have a respectful relation to their immediate manager (87%), while a smaller share think that their immediate manager is considerate (74%), and provide clear communication about the purpose of the job (72%).

**Figure 11. To what extent is the relationship to your immediate manager respectful?**

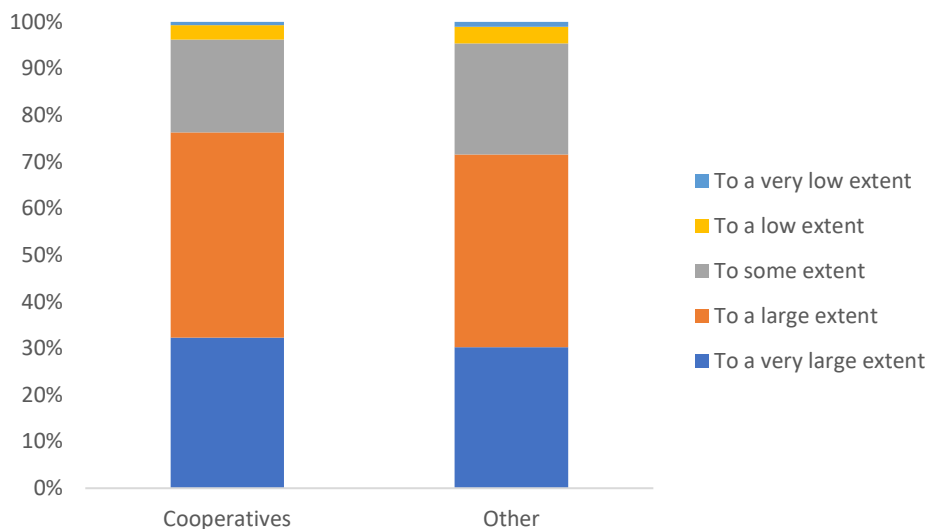


Note 1: Chi square test shows that there is no statistically significant difference in the distribution of answers.

Note 2: This is question 42 in the questionnaire.



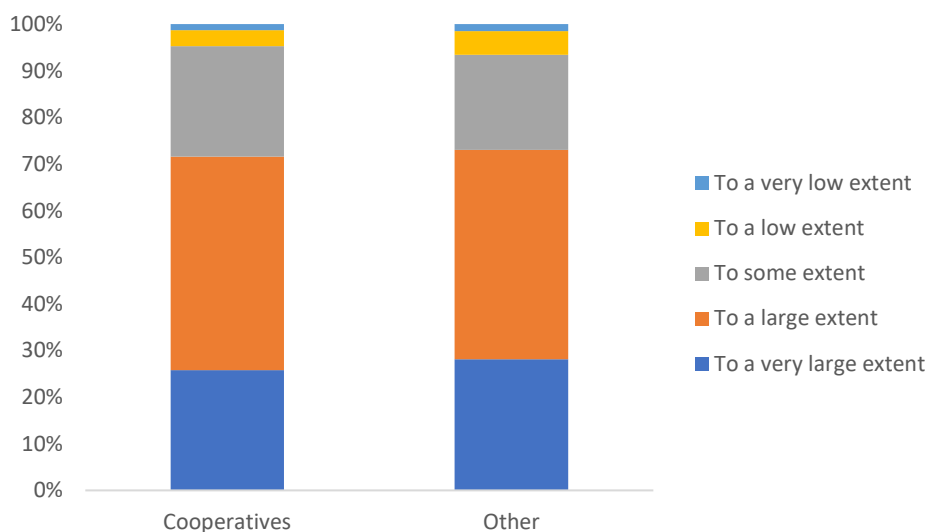
**Figure 12. To what extent does your immediate manager take into consideration employees' needs and views?**



Note 1: Chi square test shows that there is no statistically significant difference in the distribution of answers.

Note 2: This is question 43 in the questionnaire.

**Figure 13. To what extent does your immediate manager communicate clear goals for the job?**



Note 1: Chi square test shows that there is no statistically significant difference in the distribution of answers.

Note 2: This is question 44 in the questionnaire.

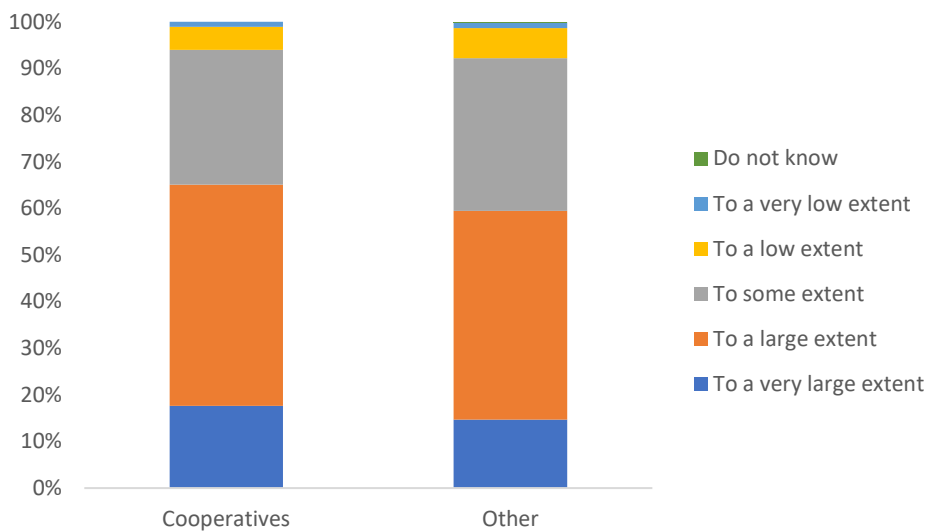
### 3.3.2.3 ON-THE-JOB AUTONOMY

We relate on-the-job autonomy to a number of questions. It seems that cooperative employees are similar to other employees when it comes to making significant decisions about their job tasks but have more influence on how the tasks are solved. Below, we will explain this in more detail.

The greater extent of on-the-job autonomy in cooperative banks is also reflected in the extent to which employees are able include their personal judgment in relation to customers. When assessing loan applications, employees in cooperative banks are more likely to include both the non-economic situation of the customer, and the employees' relationship to the customer.

Generally, a high proportion of employees in both types of banks agree to a large or a very large extent that they have autonomy on-the-job. When employees from both cooperative and other banks are considered in total, 63% agree that they can make significant decisions about their job, 75% agree that they have influence on how they solve their tasks, and 82% agree that they have influence over in which order they solve tasks.

**Figure 14. To what extent are you able to make significant decisions about your job?**



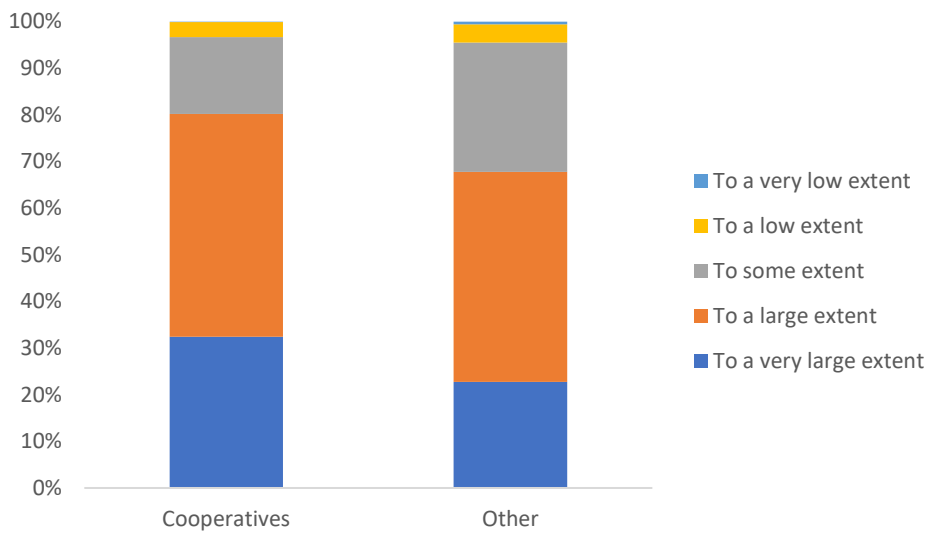
*Note 1: Chi square test shows that there is no statistically significant difference in the distribution of answers.*

*Note 2: This is question 47 in the questionnaire.*

65 percent of the employees in cooperative banks respond that they are able to make significant decisions about their job task to a large or very large extent. This is the case for 59 percent of other employees. The differences is also small at the other end of the scale, where 6 percent of the cooperative employees answer “to a low extent” or “to a very low extent”, compared to 8 percent in other banks.

When asked to what extent they can influence how they solve their tasks, cooperative employees have more influence than other employees. Figure 15 shows that 32 percent of the cooperative employees answer “to a very large extent”, while the corresponding number for employees in other banks is 23 percent. This is the largest difference. 48 percent of the cooperative employees answer “to a large extent”, while the corresponding number for employees in other banks is almost similar at 45 percent.

**Figure 15. To what extent do you have influence over how you solve your tasks?**



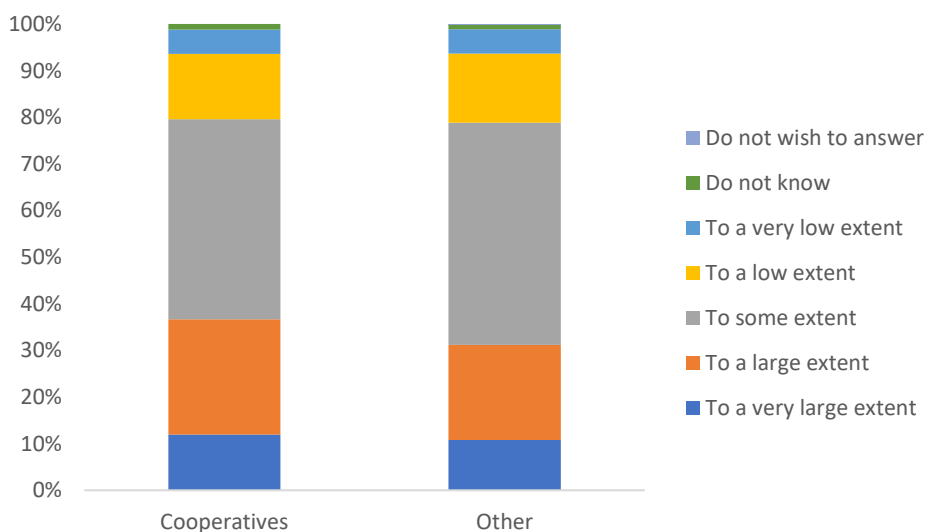
Note 1: Chi square test shows that there is a statistically significant difference in the distribution of answers.

Note 2: This is question 45 in the questionnaire.

As an example of on-the-job autonomy, respondents were asked, to what extent they include the relationship to and the non-economic situation of the customer when they make loan assessments. Figure 16 and 17 show, that there is a difference between cooperatives and other banks, tending towards more autonomy among employees in cooperative banks.

Figure 16 shows that cooperative employees are (slightly) more likely to take the non-economic situation of the customer into consideration when assessing loan applications: 11 and 10 percent in cooperative and other banks, respectively. 24 percent of the cooperative employees agree, compared to 19 percent in other banks.

**Figure 16. To what extent do you include the non-economic situation of the customer in your assessment of a loan application?**

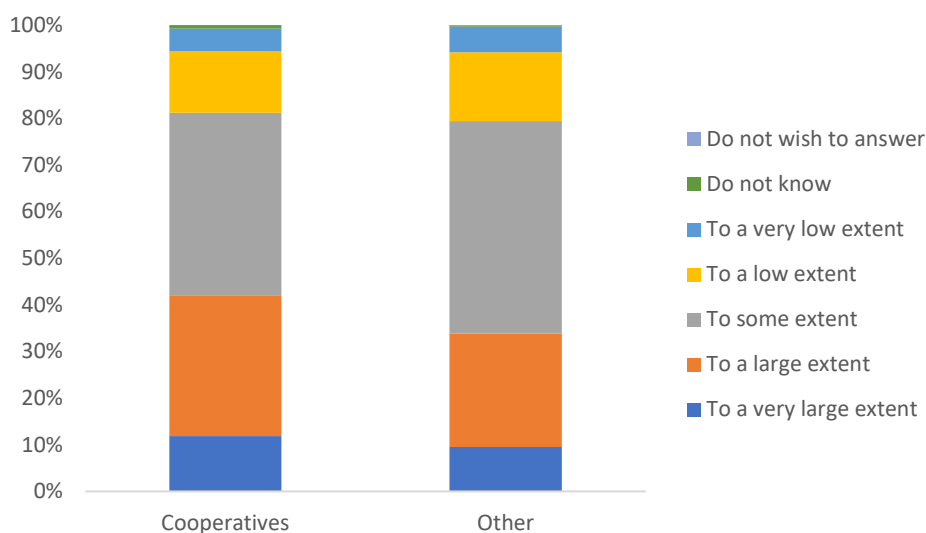


Note 1: Chi square test shows that there is a (weak) statistically significant difference in the distribution of answers.

Note 2: This is question 35 in the questionnaire.

Finally, employees in cooperative banks are more likely to rely more on their personal relationship to the customer in the loan assessments. Figure 17 shows that 11 percent of the employees in the cooperative banks strongly agree that they include their relationship to the customer. This is the case for 9 percent in other banks. 29 percent of the employees in the cooperative banks agree, 23 percent of the employees in other banks provide the same answer.

**Figure 17. To what extent do you include your relationship to the customer in your assessment of a loan application?**



*Note 1: Chi square test shows that there is a statistically significant difference in the distribution of answers.*

*Note 2: This is question 36 in the questionnaire.*

### 3.4 CULTURE

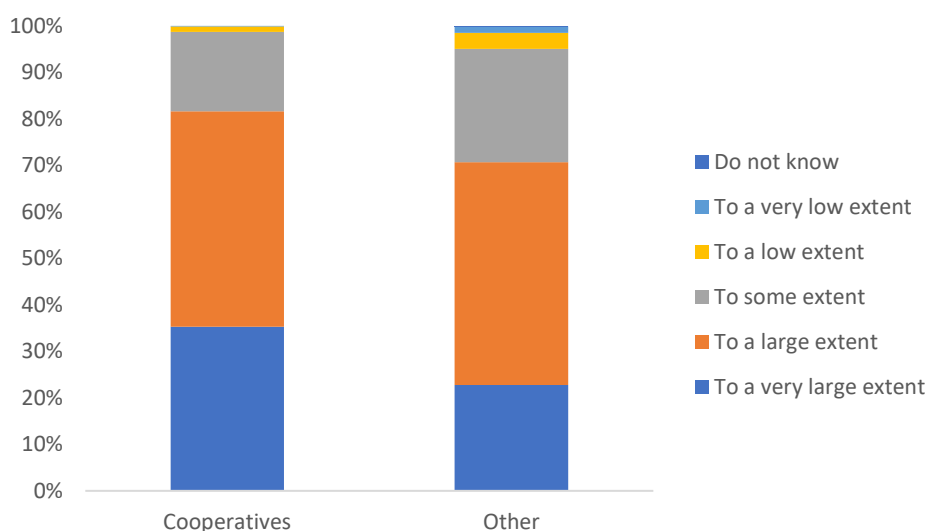
BSA (2020a) identifies four parameters relevant for the way ownership shapes culture and the delivery of purpose. These are trust and trustworthiness, communication, decision-making, and incentive structures. In our survey, three of these parameters are probed, as respondents are asked about their trust in managements' decision-making, the extent to which management properly communicates the motives behind their decisions, and the extent to which employees are included in significant decisions.

We see that employees in general have a high degree of trust in both the business-related and societal decisions of the management (77 percent and 74 percent, respectively), and that this is higher among employees in cooperative banks. We also see that the management in cooperative banks communicates slightly better about reasons for the managerial decisions, and that cooperative employees are more likely to be included in significant decisions.

#### 3.4.1 TRUST AND TRUSTWORTHINESS

The degree of trust that management will make informed business decisions and socially responsible decisions is high among all bank employees, with the highest degree of trust among employees in cooperatives.

**Figure 18. To what extent do you trust the banks' management to make informed business decisions?**

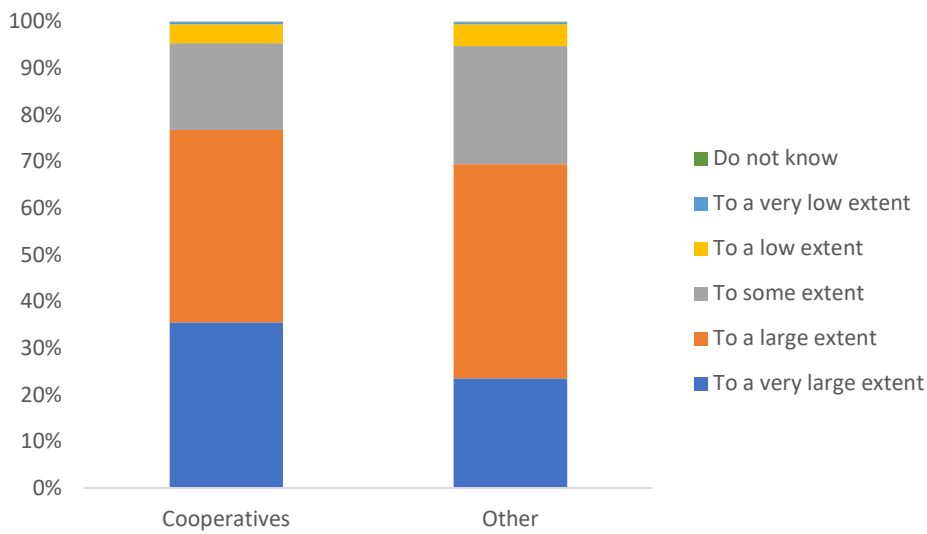


*Note 1: Chi square test shows that there is a statistically significant difference in the distribution of answers.*

*Note 2: This is question 8 in the questionnaire.*

Employees in cooperative banks tend to have more trust in the business decisions taken by the management. 35 percent of the employees in cooperative banks answer "to a very large extent" to this question. The corresponding number is 23 percent in other banks. 46 percent answer "to a large extent", compared to 47 percent in other banks. The share of employees with low trust in management's business decisions is also lower among cooperative employees. Here, 1 percent answer "to a low extent" or "to a very low extent", compared to 5 percent in other banks.

**Figure 19. To what extent do you trust the banks’ management to make socially responsible decisions?**



*Note 1: Chi square test shows that there is a statistically significant difference in the distribution of answers.*

*Note 2: This is question 9 in the questionnaire.*

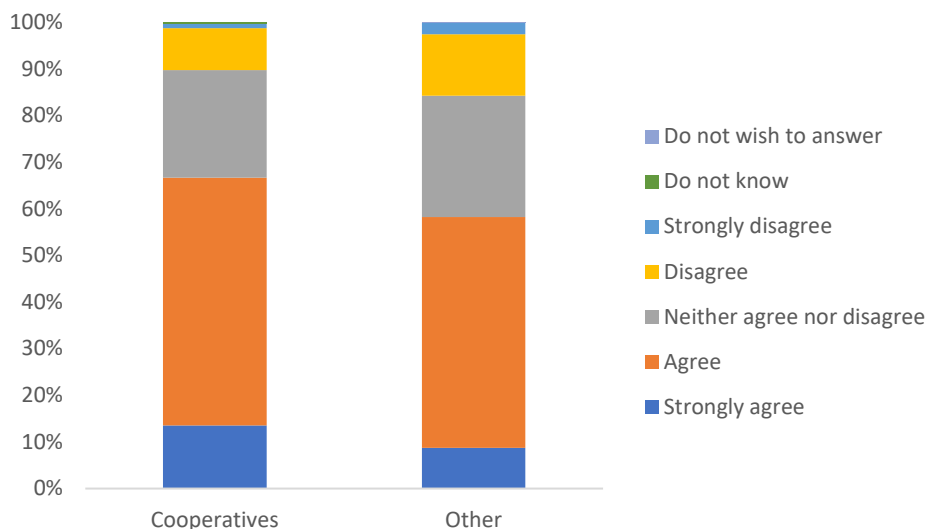
When asked to what extent employees trust banks’ management to make socially responsible decisions, 36 percent among cooperative employees and only 24 percent among employees in other banks answer “to a very large extent”. 41 percent answer “to a large extent”, compared to 46 percent in other banks. The share of employees with low trust in the management to make socially responsible decisions is approximately the same across ownership types.

### 3.4.2 COMMUNICATION

We saw earlier that employees in cooperative banks do not differ from employees in other banks when it comes to their immediate managers’ communication about the purpose of job tasks. With regards to internal communication from upper management, managers in cooperative banks do however seem to communicate more than other banks.

When asked to what extent employees are well informed of the reasons for managements’ decisions, cooperative employees agree slightly more than employees in other banks. Figure 20 shows that 14 percent of the cooperative employees strongly agree. The corresponding number is 9 percent in other banks. 53 percent of the cooperative employees agree, compared to 49 percent in other banks. 10 percent of the cooperative employees either disagree or strongly disagree that they are well informed of the reasons for managements’ decisions, compared to 16 percent in other banks.

**Figure 20. To what extent do you agree that employees are well informed of the reasons for managements' decisions?**



*Note 1: Chi square test shows that there is a statistically significant difference in the distribution of answers.*

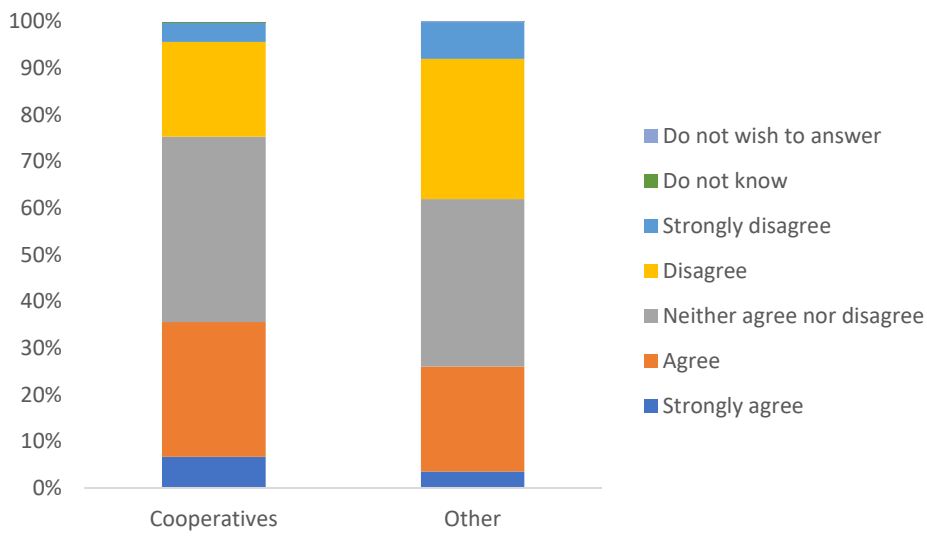
*Note 2: This is question 49 in the questionnaire.*

### 3.4.3 DECISION-MAKING

Decision-making in BSA (2020a) is concerned with the extent to which the factors that are important in decisions are consistent with the stated purpose. Our questionnaire gives us an opportunity to look into this. Earlier, we looked into to employees as beneficiaries of organisational higher purpose and employees as recipients of benefits/the value derived from the operation of the bank. We saw that employees are important to the purpose as well as in practice when we look at the distribution of benefits.

We should therefore ask the following question: To what extent are employees important in important decisions. Figure 21 shows that a greater proportion of employees in cooperative banks think they are included in significant managerial decisions than in other banks. Specifically, 7 percent of the cooperative employees strongly agree compared to 4 percent in other banks. Moreover, 30 percent of the cooperative employees agree. This is 23 percent in other banks. Correspondingly, the share of employees in cooperative banks that disagree is also lower than in other banks. 4 percent strongly disagree that they are included in significant managerial decisions. This number is twice as high for other banks. In total, 25 percent of the employees in the cooperative banks either disagree or strongly disagree, while the corresponding number for employees in other banks is 38 percent.

**Figure 21. To what extent do you agree that management includes employees in significant decisions?**



*Note 1: Chi square test shows that there is a statistically significant difference in the distribution of answers.*

*Note 2: This is question 50 in the questionnaire.*



## 4 SUMMARY

The BSA reports conclude that building society employees put “the interests of their customers, who are also their members, first”, and that, as a result, “member-ownership and the organisational culture it drives can lead to significant differences in consumer outcomes”, often including “higher standards of service and conduct” (BSA, 2017: 12). The survey results reported in this paper suggests that something similar is going on in cooperative banks in Denmark. In this concluding section, we will point to some of the findings that lend support to this.

Before presenting these findings, a couple of important caveats deserve mentioning. First, it is not possible to claim causality between ownership type and outcomes based on the data presented here. In this regard, the possibility of employee sorting may be the most important to mention, i.e., the possibility unobserved reasons related to a bank’s ownership status may have caused employees to deliberately seek employment there. Second, the data presented here are employee perceptions and thus not necessarily the same as other respondents would have answered. It is, in this way, one side of the story, though, arguably, an important one.

First, according to the employees, cooperative banks have less focus on profit maximisation. This is not to say that profit is not considered important in cooperative banks. Indeed, more than half of all cooperative employees perceive it as the main purpose. It is, however, a relatively small majority in the cooperative banks compared to other banks.

Second, and related to the first point, cooperative banks distribute benefits (the value creation) differently. In these banks, owners receive less than in other banks, customers receive more and so do the local communities. Employees, wider society, and the natural environment receive the same despite marked differences in the higher purposes of the different ownership types.

Third, the relationship between bank and customer is better in cooperative banks. Employees in cooperative banks are more likely to think that their bank is ethical, conscientious, and trustworthy. Generally, banks are perceived to put their customers first, but cooperative banks more so than other banks. These factors may well be part of the reason for why cooperative employees are more proud of their employer, which is also a finding in this survey.

Fourth, cooperative employees do not have more influence on their job content, but they do have more influence on how they go about doing their job once the content of it is decided. This also is reflected in the fact that cooperative employees are more able to make decisions that are based on assessments of non-economic factors and the relationship to the customer.

Fifth, culture seems to differ between cooperative banks and other banks; employees perceive it to be more trusting, transparent, and inclusive in cooperative banks. More concretely, cooperative employees find that management is more informative about the reasons for the decisions being made. Cooperative employees are also more like to trust that managements’ business decisions are well informed and socially responsible. Lastly, management also includes cooperative employees more in significant decisions.

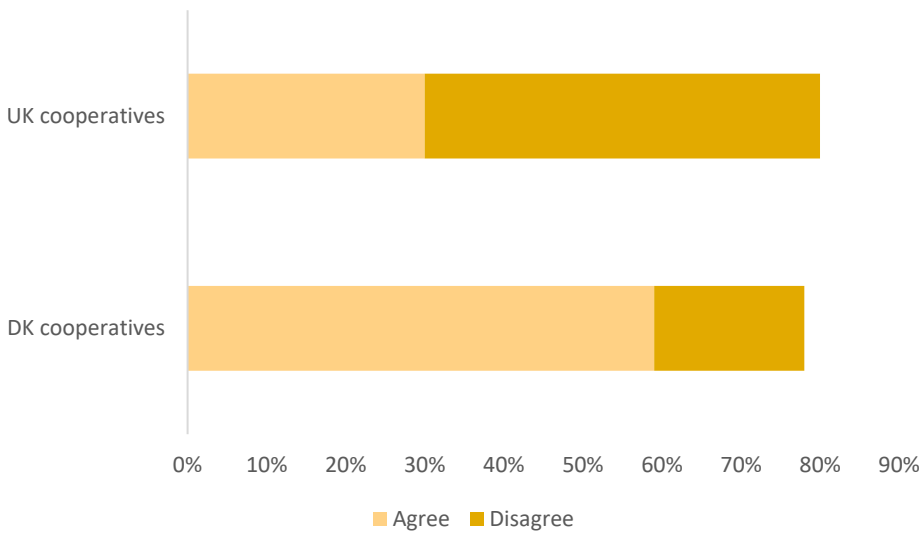
Finally, when comparing UK and DK, the first observation is difference in the profit motive, which is stronger in DK. Next, looking at the benefits received by different stakeholders, the biggest differences are with the owners and the customers. In DK, more benefits go to owners, and less to customers, relative to the UK. However, seeing that there is an overlap between owners and customers in cooperatives, the material differences may not be equally large. This may also indicate a difference in how cooperative banks serve their members/customers, i.e., the extent to which they are served, respectively, as members/owners or customers.

## 5 APPENDICES

### A. COMPARING COOPERATIVE BANKS IN THE UK AND DK

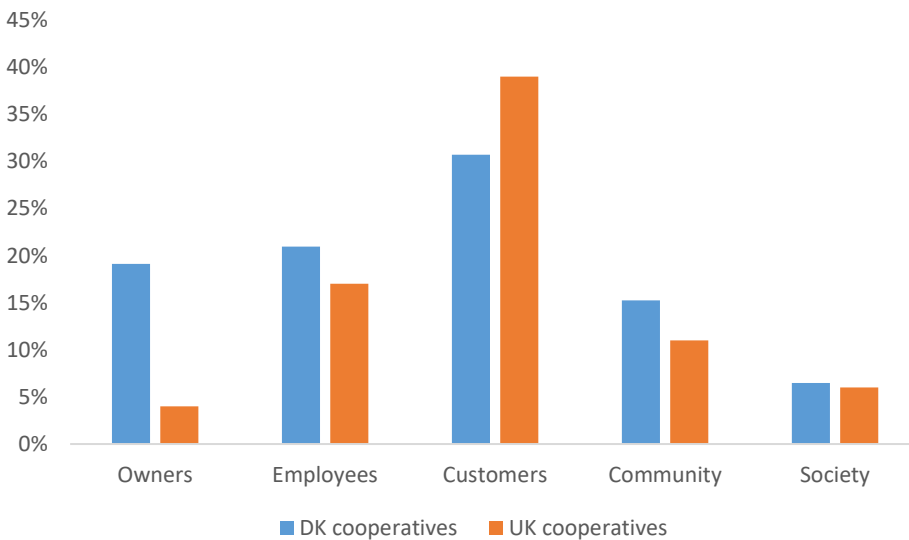
The data sources used in this appendix are BSA (2020b) for the UK and the DST survey for DK.

**Figure A.1. Maximising profit is the organisation's main purpose**



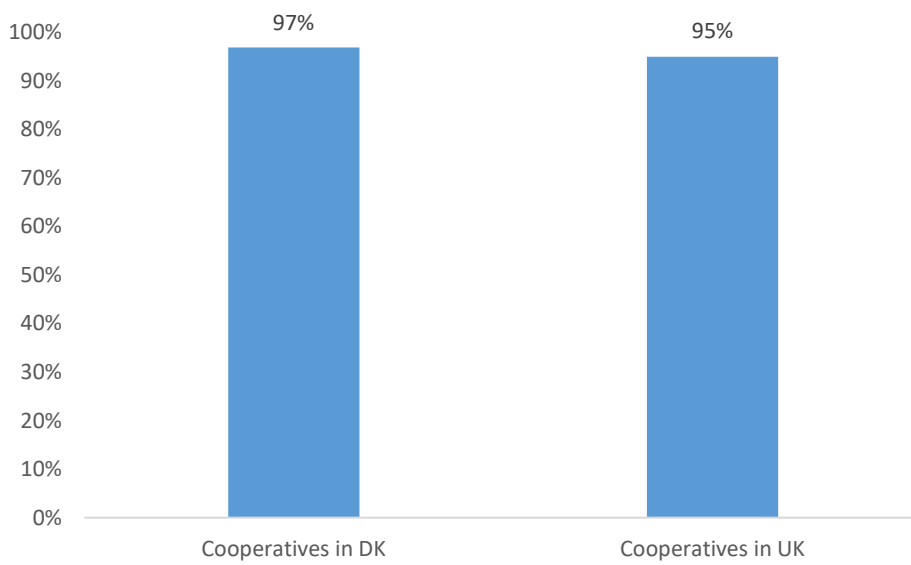
*Note: Share of employees that agree or strongly agree with the statement.*

**Figure A.2. Distribution of benefits to stakeholders related to the bank**



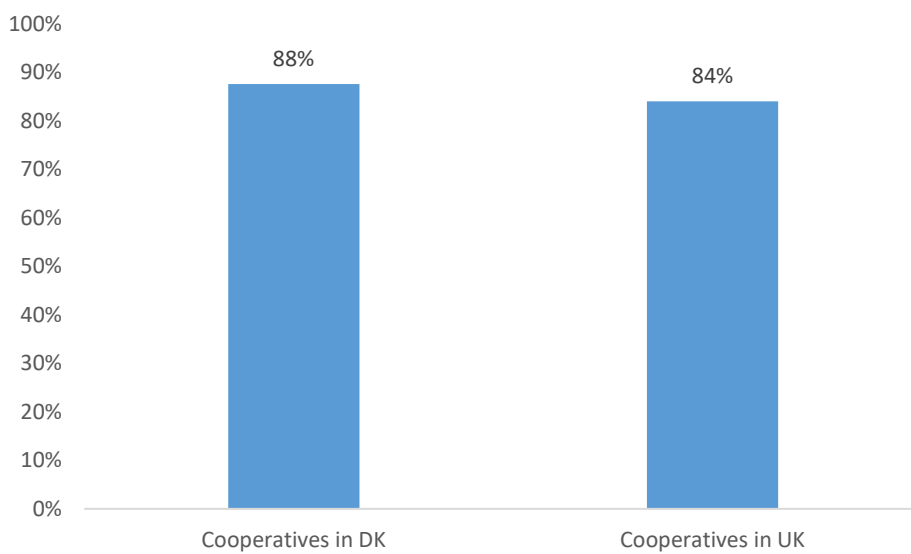
*Note: Only comparable groups that are included, which is why the total does not sum to 100 percent for either of the groups.*

**Figure A.3. My organization is trustworthy**



*Note: Share of employees that agree or strongly agree with the statement.*

**Figure A.4. My organization is ethical**



*Note: Share of employees that agree or strongly agree with the statement.*

## B. QUESTIONNAIRE (IN DANISH)

S1	Rådgiver du privatkunder om lån eller investering?
S2	Rådgiver du erhvervs-kunder om lån eller investering?
S2A	Hvad er din stillingsbetegnelse?
S3	Er den bank, du arbejder i, udelukkende en internetbank?
	Hvor enig eller uenig er du i følgende udsagn:
S4	Den bank, jeg arbejder i, er rentabel og økonomisk succesrig
S5	Jeg er stolt af at arbejde i den bank, jeg arbejder i
S6	Rådgivning og salg er modsætninger
S7	Ledelsen i banken påvirker din rådgivning positivt
	I hvilken grad stoler du...
S8	på bankens topledere til at træffe kloge og velinformerede forretningsbeslutninger?
S9	på bankens topledere til at tage socialt ansvarlige forretningsbeslutninger?
	Næste spørgsmål omhandler bankens højere formål. Med et højere formål menes bankens sociale eller menneskelige formål ud over forretningsmål. Et sådant formål kan være nedskrevet, men det er ikke sikkert, at det er det. Et højere formål gør det klart for alle, hvordan banken gennem sin almindelige drift hjælper samfundet. For eksempel kan et højere formål dreje sig om at løse et samfundsmæssigt problem eller arbejde med respekt for hver medarbejders frihed og værdighed.
S10	Har du kendskab til, om den bank, du arbejder for, har et højere formål?
S11	Hvem er modtagerne af bankens højere formål? Angiv gerne flere svar.
S12	I hvilken grad er bankens højere formål inspirerende og meningsfuldt for dig personligt?
S13	I hvilken grad påvirker bankens højere formål de beslutninger, du træffer som medarbejder?
	I næste spørgsmål skal du fordele 100 point. Du skal give den gruppe, der modtager det meste af den værdi, der skabes af den bank, du arbejder i, det højeste antal point. Omvendt skal du give den gruppe, der modtager mindst af den værdi, der skabes, det laveste antal point. Summen af alle point skal blive 100.
S14	Hvordan vil du fordele 100 point blandt følgende grupper: Bankens ejere, Medarbejderne, Kunder, Lokalsamfundet, Det bredere samfund, Miljøet og Andet? Hvis du er usikker, er dit bedste estimat fint.
	Hvor enig eller uenig er du i følgende udsagn: Bankens kunder oplever banken som...
S15	Troværdig
S16	Rådgivende fremfor sælgende
S17	Nem at samarbejde med
S18	Etisk
S19	Samvittighedsfuld
S20	Hjælpesom og imødekommende
	Hvor enig eller uenig er du i følgende udsagn:
S21	Bankens hovedformål er at maksimere den økonomiske bundlinje
S22	Bankens hovedformål er at sikre finansiering af en bæredygtig omstilling
S23	Bankens hovedformål er at understøtte udviklingen i lokalsamfundet
	Hvor enig eller uenig er du i følgende udsagn:
S24	Banken tager samfundsansvar
S25	Banken prioriterer, at dens investeringstilbud bidrager til den bæredygtige omstilling
S26	Banken prioriterer, at dens långivning bidrager til den bæredygtige omstilling
S27	Banken prioriterer at udlåne penge til aktiviteter i lokalområdet

S28	Banken prioriterer at uddele sponsorater til aktiviteter i lokalområdet
	I hvilken grad oplever du...
S29	at du bliver bedt om at tænke på den bedste løsning for kunden
S30	at du bliver bedt om at tænke på den bedste løsning for banken
S31	at der er interessekonflikter mellem den bedste løsning for kunder og den bedste løsning for banken
	Når du behandler en henvendelse fra en kunde, er du så - som hovedregel - ansvarlig for både at
S32	1) indsamle og vurdere information og 2) træffe beslutning på baggrund heraf
	I hvilken grad inddrager du følgende elementer i din vurdering af en ansøgning om lån?
S33	Interne regler og procedurer
S34	Modeller og skemaer til klassificering (f.eks. baseret på nøgletal)
S35	Kundens ikke-økonomiske situation
S36	Relationen til kunden
S37	Har du mulighed for at komme med en helhedsvurdering af kunden baseret på din fortolkning af de fire førnævnte elementer?
	Hvor enig eller uenig er du i følgende udsagn:
S38	De fleste af mine beslutninger ville være de samme, hvis det var en anden rådgiver fra samme filial i samme bank, der skulle træffe dem
S39	De fleste af mine beslutninger ville være de samme, hvis det var en anden rådgiver fra en anden filial i samme bank, der skulle træffe dem
	Næste spørgsmål omhandler personlige højere formål. Med personlige højere formål menes, hvorfor du gør, hvad du gør i dit arbejde og i dit professionelle liv. Noget som går ud over en beskrivelse af dit job, og som er vigtig for, hvad der motiverer dig i dit arbejde. For eksempel sagde en lærer: "Det er mit formål at undervise hver elev som om, de var min egen datter".
S40	Har du personlige højere formål?
S41	I hvilken grad er du engageret i dit personlige højere formål?
	Følgende spørgsmål handler om din nærmeste leder på din arbejdsplads
S42	I hvilken grad er forholdet mellem din nærmeste leder og medarbejderne præget af gensidig respekt?
S43	I hvilken grad tager din nærmeste leder hensyn til medarbejdernes behov og synspunkter, når han eller hun træffer beslutninger?
S44	I hvilken grad er din nærmeste leder god til at kommunikere klare mål for arbejdet?
	Følgende spørgsmål handler om indflydelse i dit arbejde
S45	I hvilken grad har du indflydelse på, hvordan du løser dine arbejdsopgaver?
S46	I hvilken grad har du tilstrækkelige beføjelser i forhold til det ansvar, du har i dit arbejde?
S47	I hvilken grad har du mulighed for at træffe væsentlige beslutninger om dit arbejde?
S48	I hvilken grad har du indflydelse på, i hvilken rækkefølge du løser dine arbejdsopgaver?
	De sidste to spørgsmål handler om ledelse og inddragelse på din arbejdsplads. Hvor enig eller uenig er du i følgende udsagn:
S49	Medarbejderne bliver tilstrækkeligt informeret om baggrundene for ledelsens beslutninger
S50	Ledelsen inkluderer medarbejderne i væsentlige beslutningsprocesser