

# WORKFORCE

## The Future of Credit Unions

### *The Impact of Unconscious Bias on Credit Unions' Ability To Maximize Generational Strengths*

Dana Hayes-Burke, MSc.

#### **Abstract**

Oftentimes, we make decisions, quick judgments, or form opinions about others—without even realizing why. This automatic reaction is what we call unconscious bias. It's the invisible lens through which we all see the world, often without knowing it's there, shaping our interactions, choices, and assumptions. This paper explores how unconscious bias affects leadership's ability to maximize multigenerational strengths. A survey of 71 participants from Credit Unions across the Caribbean significantly highlights that unconscious bias and generational stereotypes play a key role in shaping decisions and interactions within the workplace. In particular, the findings indicate that unconscious bias exists in leadership perceptions of younger generations, particularly Millennials and Generation Z. This bias manifests in key areas such as work-life integration, the desire for professional progression, the need for reward and recognition, and technological abilities. Strong correlations between unconscious bias and these factors indicate that younger members may perceive a disconnect between their needs and the current leadership styles. This misalignment could hinder their participation and engagement in credit unions. Thus, Credit unions must urgently confront these biases to secure their future and ensure their continued relevance in a rapidly changing landscape.

This can be achieved by implementing policy changes and establishing systems that promote generational diversity, particularly at the governance level. Additionally, to enhance generational inclusion and leverage the strengths of their diverse membership, credit union leadership should prioritize bias awareness training and rethink their engagement strategies with younger members. By implementing these strategic changes, credit unions are more likely to ensure its long-term sustainability by fostering member engagement and participation, attracting new members, and staying relevant in the evolving financial services landscape.

## Introduction

While the definitions and use of the word "generation" vary, it is now most commonly used to refer to social generations, or "those born around the same time who experienced roughly the same culture growing up." Many individuals can name several generations, such as Millennials, Gen Z, or Boomers. Some people are even aware of the years that define their generation—for example, the Boomer (born between 1946 and 1964). But it's unlikely that many people are aware of how each generation is defined, what makes them up, or what influences generational shifts. (Balon, 2024).

Diversity across generations is a critical construct when discussing the workplace of today. For the first time in history, we have had as many as five generations involved in the workplace at the same time, from board level to entry-level. Given the diversity of today's workforce, this paper aims to explore how unconscious bias has permeated leadership, management, and governance processes within credit unions, serving as an unseen barrier to the organization's progress.

Credit unions must face the issue of the changing workforce and the need to engage new workforce entrants (mainly millennials and Gen Zs) if they are to continue to compete in the financial landscape. In the past, credit unions were typically tailored to a specific profession, demographic group, or employment structure. However, workforce dynamics have since shifted, with many companies, including those in the public sector, transitioning from permanent employment to long-term and short-term contracts, as well as freelance labour. Similarly, employees in the Millennial and Gen Z generations no longer aspire to remain at the same company for the duration of their lives with many of them opting to switch careers and/or transition into entrepreneurship. Alongside the workforce shift is the added pressure from external factors, particularly the rising cost of living. These circumstances have ultimately led individuals to shift their perspective not only on the way they work but also on the way they earn. Interestingly though, these changes have also seen the Millennial and Gen Z populations becoming more desirous of community, customized offerings and anti-commercialism (Gutfreund, 2016). "Led by Gen Z and

millennials, consumers across generations are not only eager for more personalized products but also willing to pay a premium” (Hoefel and Francis, 2018). To remain relevant, competitive, and capable of meeting the wide-ranging demands of its members, credit unions across the Caribbean must have a deliberate response. That being said, credit unions are best positioned to maximize the opportunities that exist from multigenerational diversity. The goal of this white paper is to highlight how unconscious bias and stereotypes undermine the benefits of generational diversity in credit unions, identify the strategic changes needed to fully leverage this diversity, and provide practical recommendations for management and governance.

## Findings

The survey tool examined the key areas in which unconscious bias towards age groups is experienced. It assessed the relationship between unconscious bias and five (5) sources of unconscious bias towards different generations. Those were perceptions around (1) Communication Styles, (2) Technology Skills, (3) Ambition and Advancement, (4) Need for Work-Life Integration and (5) Reward and Recognition.

The following table depicts the findings from the study:

1	<b>Correlations Identified</b>	Moderate to high unconscious bias relates to work-life integration, ambition and advancement, reward and recognition
2	<b>Impact on Generations</b>	Unconscious bias negatively affects perceptions of younger generations (Millennials and Gen Z).
3	<b>Leadership Practices</b>	Significant bias exists towards the ideals of younger generations and current leadership approaches.
4	<b>Key Relationships</b>	Key links found between unconscious prejudice and work-life integration, ambition and progress, reward and recognition, technical abilities
5	<b>Working Stereotypes</b>	73% of participants reported that younger staff are primarily tech-savvy while 30% believed that younger staff needed constant feedback.

These findings suggest that unconscious bias in leadership may be a significant barrier to the engagement and involvement of younger generations in credit unions across the Caribbean. Strong correlations between unconscious bias and key factors like work-life integration and career advancement suggest that Millennials and Gen Z may perceive current leadership practices as misaligned with their needs and values.

A Chi-Square test was performed to gain deeper insight into the relationships between the variables. The finding that no significant correlation exists between incentive practices and communication styles suggests that biases in more critical areas, such as career development and recognition, have a greater influence on younger generations' perceptions of fairness. The perception that younger staff members are primarily tech-savvy or always need feedback is one example of a generational stereotype that might make them feel underappreciated or misunderstood. **73% of participants reported that younger staff are primarily tech-savvy while 30% believed that younger staff needed constant feedback.** This gap not only undermines the leadership's inclusiveness but ***conveys a negative message about the credit union's potential for innovation and ability to adjust to changing times.*** Similar findings were reported in a study by Rudolph et al. (2018).

### **Implications for Credit Unions**

***For credit unions to be viable in the future, the impact of unconscious bias and stereotypes, especially those directed to the younger generations need to be addressed. These unconscious biases and stereotypes prohibit their ability to maximize the opportunities and to build community with those who are soon to make up the majority of the income-earning population.*** Younger credit union members are discouraged from actively participating in leadership roles or simply being involved in credit unions because of this experienced bias, which is especially evident in the areas of work-life balance and professional advancement.

The cooperative philosophy around community building has the potential to speak to the needs of the younger generations as well as the potential to give credit unions a competitive advantage in the financial landscape. However, opportunities are being missed to speak the language that connects because strong unconscious biases act as a significant barrier to effective communication. Credit unions have the potential to create a more welcoming atmosphere that appeals to Millennials and Generation Z if investments are made in bias awareness training and leadership development. Moreover, by actively incorporating younger members in decision-making processes, credit unions can ensure that leadership practices meet the expectations of the new multigenerational workforce; particularly concerning work-life integration, vision, career advancement and community. This will not only boost member engagement but also assist in future-proofing the organization (Appleyard et al., 2016).

To go a step further, the data analysis suggests that unconscious bias in existing leadership is a significant barrier to the engagement and involvement of younger generations in credit unions across the Caribbean. **This is especially true when it comes to volunteering at the governance/board level.** Historically, these positions have been occupied by individuals from the Boomer and Gen X generations, leading to the stereotype that such roles are exclusively meant for these generations. While this worked well for credit unions in the past, ***if credit unions continue to let this inadvertent stereotypical perception perpetuate, they will lose the ability to access the cutting-edge skills, talents and know-how of members who are managers and leaders in their own professional spaces.*** This implies that credit unions will continue to overlook strategic opportunities to harness the cooperative's strengths at the governance level, which could facilitate the operational shifts necessary for ensuring long-term economic sustainability and growth. This misalignment must be addressed for credit unions to remain relevant and competitive.

In recognizing the importance of generational diversity and the potential competitive advantages that it can bring, credit unions must actively work to bridge the generational gap at the governance and operational levels. This will not only create an inclusive environment that encourages innovation, member engagement, and long-term growth but will also make the credit union movement more widely attractive to the new working population. To do this, some key initial action steps can be taken.

## RECOMMENDATIONS

- 1 Directly address unconscious bias with training ongoing/long-term programs at the board, committee and management level of your institutions.
- 2 Explore how the policy surrounding the election of the Board and Committees can be modified to encourage more volunteers across the generations without compromising cooperative values.
- 3 Initiate leadership and mentorship programs within the organization that encourage multigenerational collaboration.
- 4 Develop a new strategic marketing plan that makes your credit union the go-to choice for millennials and Gen Zs who are looking for customization in their financial choices.

## References

Appleyard, L., Rowlingson, K., & Gardner, J. (2016). The variegated financialization of sub-prime credit markets. *Competition & Change*, 20(5), 297–313. <https://doi.org/10.1177/1024529416657488>

Balon, R. (2024). An Explanation of Generations and Generational Changes. *Academic Psychiatry*, 48(3), 280–282. <https://doi.org/10.1007/s40596-023-01921-3>

Decker, O. S., & Yan, L. (2020). Credit Unions and Credit Cooperatives. In S. Idowu, R. Schmidpeter, N. Capaldi, L. Zu, M. Del Baldo, & R. Abreu (Eds.), *Encyclopedia of Sustainable Management* (pp. 1–11). Springer International Publishing. [https://doi.org/10.1007/978-3-030-02006-4\\_524-1](https://doi.org/10.1007/978-3-030-02006-4_524-1)

Rudolph, C. W., Rauvola, R. S., Costanza, D. P., & Zacher, H. (2021). Generations and Generational Differences: Debunking Myths in Organizational Science and Practice and Paving New Paths Forward. *Journal of Business and Psychology*, 36(6), 945–967. <https://doi.org/10.1007/s10869-020-09715-2>

Rudolph, C. W., Rauvola, R. S., & Zacher, H. (2018). Leadership and generations at work: A critical review. *The Leadership Quarterly*, 29(1), 44–57. <https://doi.org/10.1016/j.leaqua.2017.09.004>

Sobrino-De Toro, I., Labrador-Fernández, J., & De Nicolás, V. L. (2019). Generational Diversity in the Workplace: Psychological Empowerment and Flexibility in Spanish Companies. *Frontiers in Psychology*, 10, 1953. <https://doi.org/10.3389/fpsyg.2019.01953>

### Contact Info:

**DHB Vision Strategists**

*Trinidad and Tobago, W.I.*

[www.dhbstrategy.com](http://www.dhbstrategy.com)

Email: [admin@dhbstrategy.com](mailto:admin@dhbstrategy.com)