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**Alterna Savings**



# **Evaluating CSR in a Major Credit Union: Strategies, Issues and Insights**

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# Evaluating CSR in a Major Credit Union

## *The Opportunity*

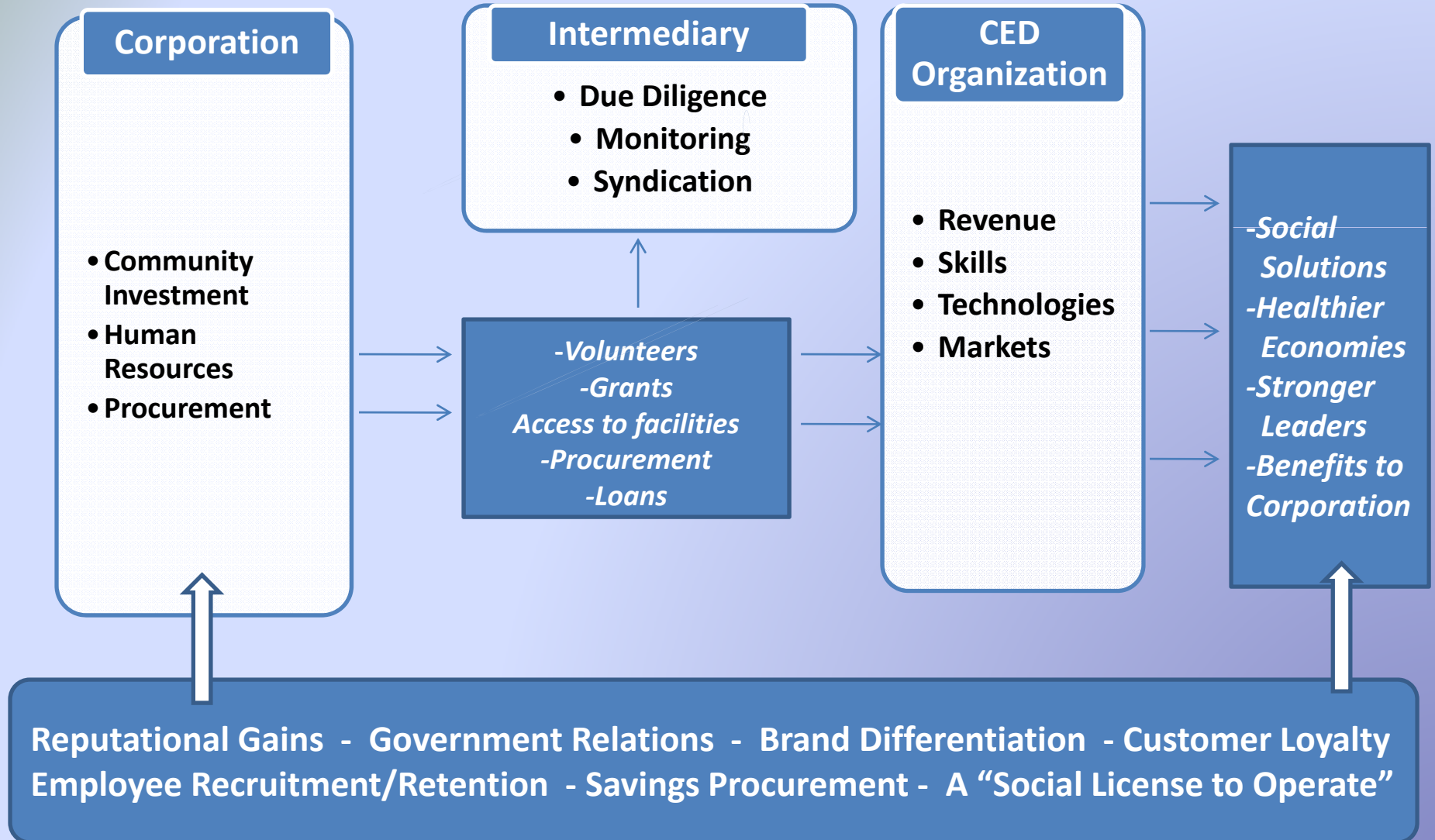
- To assess the value of corporate social responsibility (CSR) by a major financial co-operative

## *For Carleton University*

- Moving from research on corporate engagement with CED and the social economy, to research on the CSR activities *of major social enterprises* (co-operatives, credit unions, etc)
- Applying a mix of methods and tools at multiple levels: logic models, blended value assessment tools (Expanded Value Added Statement, Social Return on Investment, etc.), interviews and focus groups, internet-based surveys, financial performance analysis



## Corporate Engagement with CED: Strategies and Benefits





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# Evaluating CSR in a Major Credit Union

## *For Alterna Savings Credit Union*

- Demonstrating to key stakeholders the value of leading-edge CSR practices by a major credit union in the context of a recession
- Mobilizing the appropriate tools to evaluate results of microlending to vulnerable populations

## *For Policy-makers*

- Understanding how to lever the assets of a financial institution to create businesses and jobs, build skills and reduce poverty among vulnerable populations
- Learning how to measure what matters in microlending and the social economy



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## **Alterna Savings: Who we are**

- Created April 1, 2005 from merger of CS CO-OP and Metro Credit Union
- Ontario based, regional offices in Toronto and Ottawa
- 24 Branches
- 81 proprietary ABMs
- 129,000 members
- Owns Alterna Bank, a Schedule 1 chartered bank
- 550 employees



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Alterna Savings



## More about Alterna Savings

- Locally owned and controlled by members
- Serve anyone who lives or works in the province of Ontario
- Democratic governance structure—any member can run for the Board of Directors
- Approx. 85% of funds deposited are returned to the community in the form of loans and mortgages to members—money stays local



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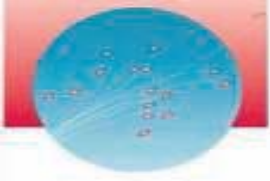


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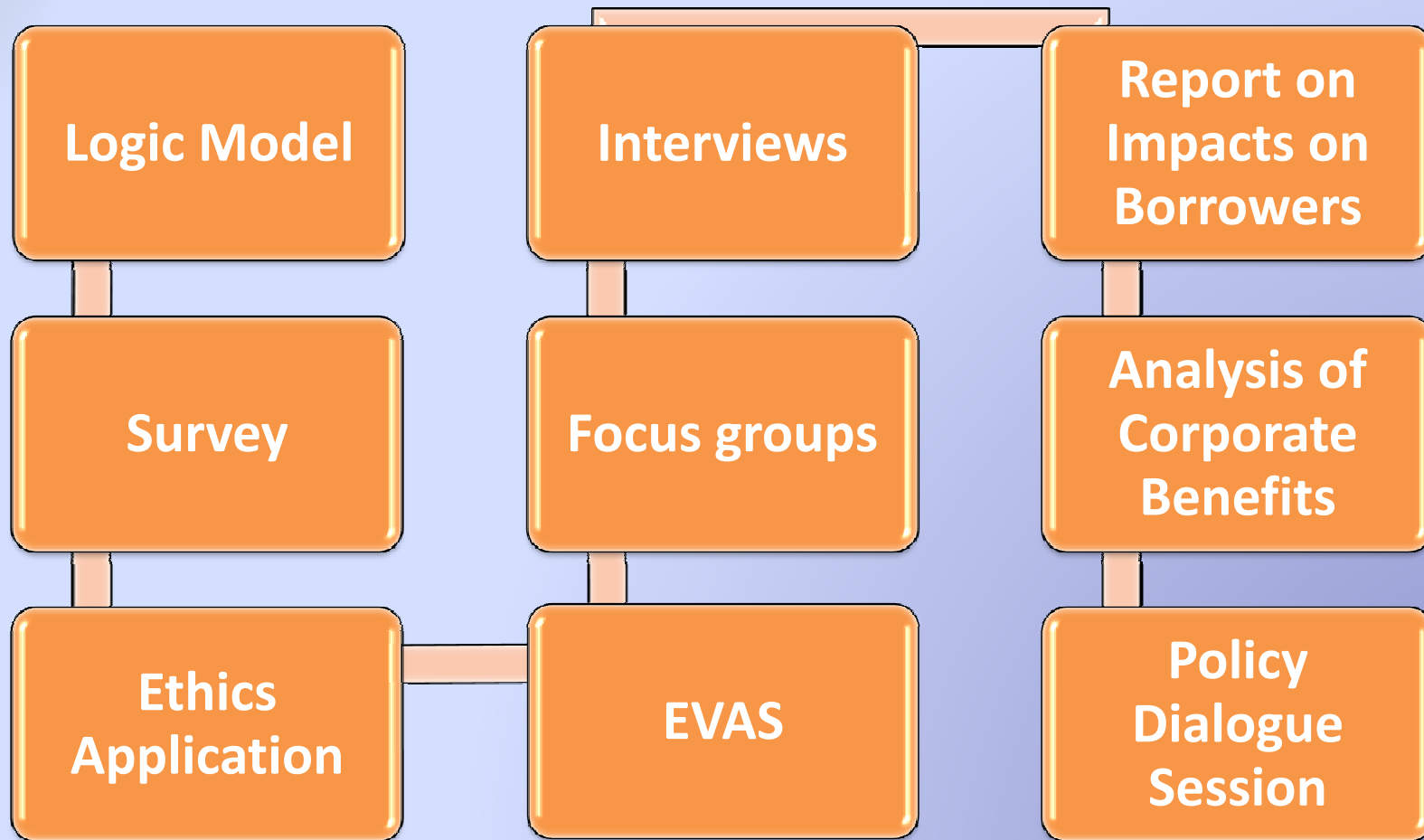


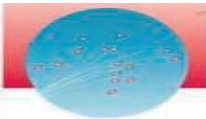
## Our CSR Pillars

- Community Economic Development
- Accountability
- Philanthropy
- Financial Literacy
- Environment





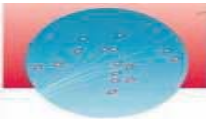
## CSR Evaluation Strategy



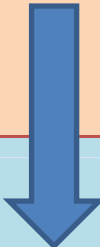
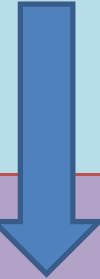


# CSR LOGIC Model

PROGRAM COMPONENTS	INPUTS	ACTIVITIES	OUTPUTS	INTERMEDIATE OUTCOMES	FINAL OUTCOMES	IMPACT
Small Business Development loans	Alterna's Capital (Credit Union members' shares) 1 Full-Time	Provision of small loans (max \$15,000) upon approval of loan requests presented by interested applicants	Loans disbursed to qualified applicants in a timely fashion (e.g. within a few weeks from the applicants' initial request)	Start-up or expansion of small businesses (including purchase of productive assets, workspace rental, e-commerce development)	<p><b>Micro-Level (Borrowers)</b></p>  <p><b>Meso-Level (Corporate)</b></p>  <p><b>Macro-Level (Policy)</b></p>	
	Community Micro Loan Manager + 1 Full-Time CSR Manager					
Free financial literacy programs and professional development opportunities	Volunteer work by both Alterna Staff and recognized local business professionals/ Instructors	<ul style="list-style-type: none"> <li>-Business financial literacy programs offered to both members and prospective applicants</li> <li>-Member Display Table and Information Boards at Alterna branches</li> </ul>	<ul style="list-style-type: none"> <li>-Networking Café conducted as planned</li> <li>-Presentations made by Alterna CSR Officers at local business development centres and training colleges</li> </ul>	<ul style="list-style-type: none"> <li>-Members' enhanced understanding and adoption of effective business practices (e.g. business plan development, accounting, marketing)</li> <li>-Development of partnerships among borrowers in different fields</li> </ul>		



# THE THREE LEVELS OF CSR IMPACT

	FINAL OUTCOMES	IMPACT
<b>Micro-level (Borrowers)</b>  	Increase borrowers' productivity and personal assets	Increase borrowers' payment of federal and provincial income taxes
	Encourage borrowers' self-sufficiency	Reduce the number of borrowers relying on government assistance
	Increase borrowers' annual income	Enhance the well-being of borrowers and their households (incl. housing, nutrition, health)
<b>Meso-Level (Corporate)</b>  	Increase corporate reputation within the community	Increase the free media coverage of corporate CSR as well as of their services/products at large; boost corporate membership
	Enhance corporate brand differentiation	Develop new products and services specifically catering to the most marginalized and vulnerable population groups (e.g., new Canadians, individuals with no or low credit rating)
	Increased customer loyalty	Consolidate Alterna's membership base (e.g., through referral ) and enhance borrowers' opening of additional accounts other than business related (e.g. personal lines of credit, mortgages).
<b>Macro-Level (Policy)</b>	Promoting self-employment and entrepreneurship among vulnerable population groups in Toronto	Contribute to the health and success of the local economy ; save government a large amount of resources otherwise allocated to assistance programs; contribute to federal and provincial revenues due to the borrowers paying higher income taxes over time.
	Foster the creation of new jobs (e.g. micro loan borrowers hiring employees to run their business)	Contribute to the reduction in the local unemployment rate



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## Strategies, Issues and Insights

- Investing more heavily in the evaluation of the microloan program generates detailed client-success data, which has both social and commercial value
- What is the link between results for microloan borrowers and the credit-union's overall business performance?
- Which indicators and levels of the evaluation matter most to which stakeholders, and what type of evidence is most credible for each stakeholder group?
- What is the optimum allocation of time and money across various evaluation components and activities?
- What is the most effective way to convert these evaluation findings into persuasive lessons for policy-makers?



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**THANK YOU**