

Employee Productivity in Financial Cooperatives in the U.S.: A Comparison with Commercial Banks

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Abstract:

Credit unions being financial cooperatives have a number of advantages to offer customers relative to many banks. The organizational structure that formally provides for participation by customers may help create an environment that enhances the productivity of employees. This paper will investigate whether employees at credit unions are more productive than bank employees using data on U.S. credit unions and banks from 1994 until 2007. A number of controls and tests for endogeneity are used to ensure the results are robust. Knowing the sources of a potential advantage may help credit unions continue to grow in a very competitive market.