Governance and Social Cohesion in Credit Unions: A Rural and an Urban Acadian Credit Union in New Brunswick (Canada)*

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Abstract

In this article we study the cases of two credit unions, members of the Caisses Populaires Acadiennes, a cooperative movement operating in the francophone communities of New Brunswick (Canada). The first, Néguac, is located in a rural environment with important economic challenges. The second, Moncton-Beauséjour, is located in a very prosperous economic environment. These two credit unions have the additional characteristic of having experienced a merger in the past few years. We find that the role of management greatly differs from that of community's expectations. In an urban setting, competition is fiercer, management can focus more on its credit union's operations and is less scrutinized for its contribution to community. In a rural setting, parochial considerations are important, as are the credit union's contributions to various community projects. In both cases, the personal ties between employees and clients are very important social assets for the credit unions. Our study shows that even with the economic pressures justifying mergers and the re-engineering of activities, governance practices solidly rooted in the community remain important and tend to be preserved. Several facts reflect the influence of social cohesion on governance in a context of rationalization (mergers and re-engineering). This being said, we see signs that these social roots of governance evolve according to a widening of the territory of the reference community, possibly leading to a weakening of the links between governance and the parochial community and a strengthening of the links between governance and the province's francophone community.

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*Acadians are descendants of the settlers of Acadia, a French colony located in what is today Canada's Maritime provinces. Many francophones who are not direct descendants from those who live in the region also consider themselves Acadians.