UIJRT ISSN: 2582-6832
United International Journal for Research & Technology
Volume 05, Issue 10, 2024 | Open Access | ISSN: 2582-6832

Implications of Board Composition and Responsibility on the Financial Sustainability of Agricultural Cooperatives in the South West Region of Cameroon

Vincent Nzoge Kang[1] and Sama C. Molem[2]
[1,2]Faculty of Social and Management Sciences, University of Buea & SOWEDA-Buea

***Abstract*—** The study sought to investigate the implications of board composition on the financial sustainability of agricultural cooperatives in South West Region of Cameroon. It employs a total of 179 representatives of cooperatives from across all six divisions of the region. The study decomposes governance into auditing, accounting, and reporting, board composition and responsibility and internal control; while financial sustainability is decomposed into budgeting, business plans, strategic planning, income diversification, and treasury management. Using the principal component analysis and linear regression, the study finds that board composition and responsibility has a negative and significant influence on financial sustainability. The findings, equally, show that when the board and its responsibilities interact with levels of education, the influence of board composition given the level of education becomes positive and significant, indicating that an educated board matters for the sustainability of agricultural cooperatives. The study thus recommends the equipment of an efficient board of directors or management committee that is equipped with the necessary knowledge and expertise to carry out its obligations, which is required to improve the position, the enhancement of basic bookkeeping activities with periodic preparation and submission of annual financial statements.

***Keywords*—** Board composition and responsibility, financial sustainability, agricultural cooperatives

1. INTRODUCTION

A common channel used by governments and other development partners to reach out to farmers in recent years is through farmer groups and cooperatives. Cooperatives, being voluntary, democratic, and self-governed commercial organisations, provide the institutional framework through which local communities achieve control over the economic activities from which they get their means of subsistence (Ofeil, 2005). Cooperative times have often been a beacon of promise, particularly for African farmers. According to Pinto (2009), the farmers' organization Mviwata in Arusha, Tanzania, with smallholder farmers and livestock keepers (80% women), was able to increase household incomes and improve food security through environmentally friendly improved crop and livestock product production and marketing.

Majee, W., & Hoyt, A. (2011), asserts that the international development community must assist policymakers in establishing the ideal circumstances for the cooperative sector to realize its full potential as a legitimate enterprise. In this regard, a unified act pertaining to cooperative legislation was passed on December 15 and published on February 15, 2011, in the Organization for the Harmonization of Business Law in Africa (OHADA) space. Cooperatives have a special governance structure that reflects the fact that they are owned and governed by their members, even if alternative governance models exist in the corporate sector. This places the employees, management, members and especially board of directors at the core of efficient cooperative operations.

At the same time, several Articles of the OHADA law (223, 226, 227, 230, 255, 257, 259, and 263) address the management committee's election, composition, powers, and responsibilities. These are the most crucial rules that make these institutions legitimate, and agricultural cooperatives benefit greatly from them. Article 223 particularly indicates that the streamlined cooperative should be led by a maximum three-member management committee.

In accordance with the cooperative's articles of incorporation, the number of management committee members may be increased from three to five when the cooperative has at least one hundred members, or when this number is attained during the cooperative's existence (Foundation for a Unified Business Law in Africa [FUBLA, 2016]). This article specifies that the general assembly shall elect the members of the management committee from among its members, who are natural people, by simple majority, unless a clause in the articles mandates a higher threshold. In addition, the management committee must select a chairperson from among its members. The management committee's chairman and other members do not get pay. For cooperatives with a board of directors they are required be governed by a board of directors consisting of at least three and no more than twelve members.

In Cameroon, several cooperatives exist ever since the start of the cooperative movements. In the South West region in particular, statistics from the registry of cooperatives in the South West Region of Cameroon show that as of 2022, a total of 530 registered (agricultural and non-agricultural) cooperatives exist in the South West Region. These cooperatives operate in different domains including savings and loans; real estate; bee, poultry, cattle, goat, pig farming; production and marketing of cassava, cocoa, rubber, coffee, plantain, maize, and potatoes; non-timber forest products; organic fertilizer production, palm and palm oil production and marketing; plastic waste management; sand extraction, vegetables production among others. Many other cooperatives do not specialize in a single activity with many of them cultivating a mix of crops.

These cooperatives exist as either simplified cooperative or cooperative with a board of directors, implying that they are largely bonded by these OHADA laws. However, it is observed that leadership in farmer cooperatives is not as knowledgeable about the industry. Only a few can afford to employ a manager with the required skills to run the affairs of the cooperative since there is high agency and transaction cost involved. For some that can afford, hiring professional management tends to result in a lack of effective monitoring and supervision, which ignores member needs and obscures the cooperatives' viability. These experts' decisions and influence may also outweigh those of elected leadership.

It is true that not all businesses with sound corporate governance perform well in the marketplace, and that poorly run businesses don't always fail, but even the top performers run the risk of failing at some point if their boards of directors aren't strong and independent, a key risk faced by agricultural cooperative, especially in the South West Region of Cameroon.

The importance of having a strong board of directors stems from the fact that boards are vital for strengthening governance by fulfilling important roles such as setting strategic direction, offering resources and advice, monitoring, and controlling (Bijman et al., 2014; Guerrero et al., 2017; Hakelius, 2018), and influencing the overall performance of organisations (Hakelius, 2018; McKillop & Wilson, 2015).

While having a board is required, the main thing to worry about is making sure that its members' roles and composition are in line with the goals of the organisation (Guerrero et al., 2017). In their different studies, Reddy and Locke (2014), Unda et al. (2017) and Hakelius (2018) demonstrate that the efficacy of a board is influenced by various factors, including its size, gender diversity, members' areas of expertise, and frequency of meetings. As a result, the question of board responsibility and composition has drawn attention from researchers attempting to determine how board characteristics affect cooperative performance.

Numerous efforts have been made to assess the connection between corporate governance in general and the financial performance of microfinance institutions, including cooperatives, in the context of Cameroon (e.g., Njekang & Akame, 2017; Thaddeus, 2020; Chrysantus et al., 2023). Nevertheless, very few, if any, of these studies go detail into the board characteristics and how they affect the sustainability of cooperatives in general and agricultural cooperatives in particular. This gap motivates and directs this paper.

2. LITERATURE REVIEW

As with this paper, several empirical studies have been conducted to examine the link between board elements and performance of cooperatives and microfinance institutions. The theoretical foundations of most of these studies are the agency, the stewardship theory and the stakeholder theories.

On of such studies is that of Hartarska (2005) who examined the management and performance of microfinance organizations in Central and Eastern Europe and the newly independent republics. The study included data from three polls performed between 1998 and 2002. The study employed regression analysis to determine that performance appeared to improve as the group size increased, but subsequently declined at a specific threshold. The coefficient in the operational sustainability equation was positive and statistically significant. This indicates that the presence of women positively affected financial success. Perhaps because they provided simple gifts or grants, expatriates severely impacted financial sustainability. Boards with more insiders had fewer active borrowers and a worse ROA. Unexpectedly, the proportion of donor representatives on the board had a negative effect on client outreach. This result supports the view that donors who finance MFIs are more concerned with financial outcomes than with outreach.

Wanjau (2007) studied the link between corporate governance and performance in Kenyan microfinance firms using a survey approach. According to the report, seventy percent of MFIs have boards with up to ten members, while thirty percent have more than ten board members. Using the financial components of the MFIs to investigate the link between corporate governance and performance, the study discovered that there is a correlation between several areas of corporate governance and business performance. Specifically, the study indicated a favorable correlation between board size and a company's performance.

Coleman and Biekpe (2008) investigated the association between board size, board characteristics, board composition, CEO duality, and business performance in Ghana's nonfinancial enterprises. The study utilized secondary data based on the financial statements of all 16 non-financial enterprises registered on the Ghana Stock Exchange over a period of eleven years (1990 to 2001). The study employed a multivariate regression model to examine the data. The study discovered that the size of the board is positively correlated with ROA, indicating that enterprises should have higher board sizes. This contradicts the conclusions of scientists like Lipton and Lorsch (1992).

A study by Mersland et al. (2011) showed that multinational boards result in strong financial success. Nevertheless, our studies demonstrate that this is not the case. In addition to promoting sustainability, international board members want the MFI to maintain low interest rates, but national board members are more receptive to maintaining high interest rates as a means of assuring sustainability. The study may also indicate that the local knowledge of national board members is essential for MFIs to reduce expenses and generate revenue. Meanwhile, Mori and Olomi (2012) did not detect a significant performance gap between boards with internal and external board members. However, the study discovered that ROA and OSS are greater in communities with local board members.

In 2011, Fooladi and Chaleshtori investigated the impact of corporate governance on the performance of Malaysian enterprises. Corporate governance was judged by the board's independence, the number of CEOs, the company's ownership structure, and the size of the board. On the basis of a random sample of Bursa Malaysia companies and statistical tests utilizing linear multiple regression, it was determined that CEO duality has a negative relationship with firm performance (return on equity and return on assets), while board independence, board size, and ownership structure have no significant relationship with firm performance.

Adekunle and Aghedo (2014) investigated the effect of corporate governance on the financial performance of a publicly traded Nigerian firm. Return on assets (ROA) and profit margin (PM) were employed to measure financial success, whilst board composition, board size, CEO status, and ownership concentration were utilized to evaluate corporate governance. Using ordinary least squares regression, it was determined that there was a positive and statistically significant association between board composition, board size, and business performance. However, a negative correlation between ownership concentration and return on assets was found.

Using the Pearson correlation, Paul (2015) evaluated the effect of corporate governance on the financial performance of microfinance banks in North Central Nigeria. He discovered a strong correlation between profits per share (EPS) and corporate governance standards (board size, board independence, gender diversity, and the composition of board committees). The regression study revealed that there was no correlation between corporate governance and the financial success of the bank. The study relied on the annual reports and financial statements of 23 of the 158 microfinance institutions for their data.

In their analysis of the influence of corporate governance on the profitability of 60 listed firms in Nigeria from 2004 to 2014, Babatunde and Akeju (2016) used multiple regression analysis, and found that the study discovered that board characteristics, the audit committee, the independence of the board, the size and growth of the firms, and other corporate governance procedures increase the profitability of the selected Nigerian enterprises.

Vu and Nguyen (2017) analyzed the association between corporate governance and financial performance for 137 publicly traded Singaporean corporations from 2013 to 2016. The dual function of the CEO, board size, and board independence were utilized to illustrate corporate governance in this study. The results indicated a negative correlation between board size and business performance. However, there was no correlation between board dependency, CEO dualism, and business financial performance.

Wally-Dima et al. (2017) examined the impact of corporate governance on the financial performance of Botswana's publicly traded consumer firms between 2012 and 2016. Board size, the number of women on the board, the ratio of executive to non-executive directorships, the number of subcommittees, and the frequency of board meetings were used to quantify corporate governance.

Using multiple regression analysis, we discovered that there were large positive correlations between the size of the board and both the number of board members and non-executive directors. There were also strong positive correlations between the number of non-executive and male board members.

There were negative correlations between the number of men and women on a board and the number of executives and gender diversity. Return on assets, a measure of the performance of the selected firms, has a high negative correlation with the number of subcommittees.

Gaitan et al. (2017) examined the influence of corporate governance on productivity in various business conditions using 670 Latin American enterprises from 2006 to 2014. The findings of regressions performed on panel data indicate that board size, gender diversity, intuitive ownership, and the participation of independent directors' impact productivity.

They discovered a nonlinear link between board size and production that was statistically significant. In addition, they discovered that intuitive ownership has a good association with productivity, board independence has a negative relationship with production, and a large share of female directors has a negative relationship with productivity.

However, the above studies as many others do not analyse governance issues within the agricultural cooperative sector, creating a gap that the current study seeks to address in context of crop-based agricultural cooperatives.

The paper further fills this gap by complementing board composition and responsibility with other governance variables such as auditing, accounting, and reporting, and internal control, and captures financial sustainability through elements of budgeting, business plans, strategic planning, income diversification, and treasury management.

It further uses the principal component analysis to generate composite indices for each of these variables. Furthermore, the paper does not only focus on board composition but also looks at the existence of a quality board by interacting the score of board composition with completed years of schooling.

3. METHODOLOGICAL ISSUES

3.1 Research Design and Data

The paper adopts a survey design consisting of only agricultural cooperatives from all six divisions of the SWR was employed. Considering that the crop types of these cooperatives are distinct with possible implications on the financial performance and sustainability, and also that their population sizes differ, we adopt a stratified random sampling to select these 200 cooperatives. Statistics from the registry of cooperatives shows that crop-wise, more cocoa cooperatives exist, followed by cassava and palm cooperatives.

The sample distribution was thus proportionately done as crops that have more cooperatives were designed to have more respondents. As such, mixed-cropping cooperatives had more respondents (38%) followed by cocoa producing cooperatives (24%) since these two have the largest number of cooperatives.

Given the survey or cross-sectional nature of the study, primary data is used. The data is collected with the use of a partly open-ended and closed-ended questionnaire. Most of the questions are mixed structure with some in the Likert scale form to ascertain the level of applicability of each variable under investigation in each cooperative. The questionnaire was directly administered to the various respondents. It was characterised by self-administration, allowing respondents to fill them out themselves, especially as all of them were coincidentally literate.

The questionnaire was framed such that it collects data on various variables of interest such as location of cooperative; crop(s) the cooperative is involved in; years of existence; demographic profile or board members in terms of their sex, age, and level of education; legal framework, membership and share capital of cooperatives; level of compliance with OHADA law in terms of formation, documents required for registration, and incorporation of cooperatives; corporate governance issues (board composition and responsibility, internal controls; accounting system and reporting, audit for cooperatives with BOD), financial sustainability issues (such as adherence to budget, business plans, strategic plan, income diversification, treasury management) and challenges faced by the cooperative in their operations and sustainability.

Based on number of questions that capture the dependent variable (financial sustainability) and the independent variable (corporate governance) are each created through the used for empirical analysis, we opted for the Principal Component Analysis (PCA) as done by Ellul and Yerramilli (2013), Tarchouna et al. (2017) and Andrieş et al. (2018). Principal Component Analysis is a statistical technique used to reveal the covariance structure of a group of variables.

PCA is suitable when the goal is to acquire measurements on several observed variables and to generate a smaller number of artificial variables (called principal components) that explain for most of the observed variables' variation.

In measuring the other variables, "Location" referred to the division where the cooperative was situated, coded as follows: 1 for Fako, 2 for Manyu, 3 for Meme, 4 for Lebialem, 5 for Ndian, and 6 for Kupe Muanenguba. "Crop Type" identified the primary crop the cooperative specialized in, with codes as follows: 1 for cocoa, 2 for potatoes, 3 for coffee, 4 for cassava, 5 for plantain, 6 for maize, 7 for palm oil, and 8 for mixed crops. "Legal Form" indicated the cooperative's legal structure, distinguishing between those without a board of directors (coded as 1) and those with a board of directors (coded as 2).

The "Legal Framework" captured the legal system governing the cooperative, with 1 representing the OHADA law and 2 representing the 1992 law. Finally, "Board Quality" assessed the educational level of the cooperative's board of directors.

This was represented as an interactive term combining the composition and responsibilities of the board, as determined by the PCA, with the average number of years of formal education completed by board members.

3.2 Model Specifications

The analytical approach adopted for the study is multiple linear regression analysis in which financial sustainability (captured by different constructs) is regressed on different constructs of corporate governance in agricultural cooperatives in the South West region of Cameroon. Inspirations for this specification study draws from previous studies on corporate governance and performance (Jerab, 2011; Njekang & Akame, 2017; Thaddeus 2020; among others).

To ascertain the effect of board composition and responsibility on the overall sustainability of financial sustainability alongside other corporate governance aspects we regress the index of financial sustainability composed of the other financial sustainability measures (budgetary sustainability, business plans sustainability, strategic planning sustainability, income diversification and treasury management) on corporate governance indicators, alongside other covariates as follows by means of the Ordinary Least Squares (OLS):

FINS i =d0+ d1 BRCi+ d1BODQUAL+ d3ICi+d4ASRi+d5AUD+d6Xij+µ6………..…….(8)

Where the other variables are defined as follows:

BCR = Board composition and responsibility

IC =Internal controls

ASR= Accounting System and reporting

AUD= Audit for Cooperatives with BOD

X= captures control variables such as crop-type cooperative specialises in; legal form, legal framework and board quality LEGFRAM

4. RESULTS

4.1 Profile of Cooperatives and their boards

In terms of the gender composition of cooperative Board of Directors, figure 4.3 shows gender elements in the affairs of the cooperatives at both the level of management and the supervisory board and for various positions.

The figure generally shows that there are more male than female presidents in both the management board and the supervisory board.

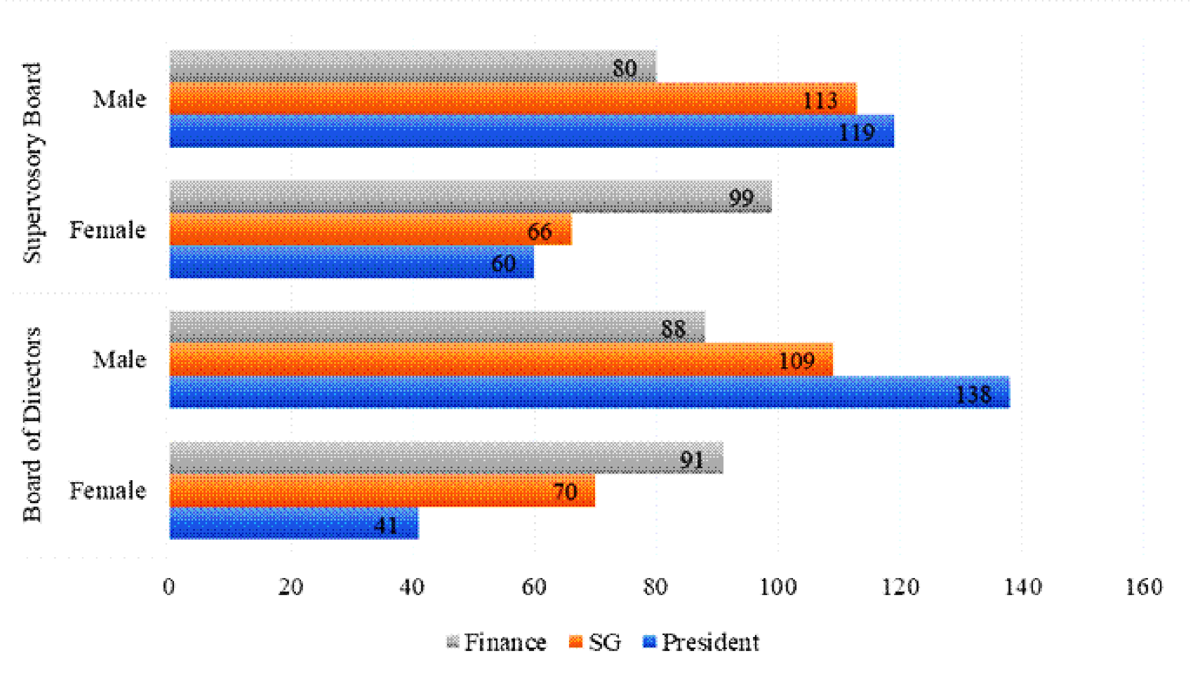

Figure 1: *Gender Composition of Cooperative Board of Directors | Source: By Author*

At the level of the management board, the results show that comparatively speaking, there are more male presidents (119) to females (60), as well as more male secretary generals (113) than females (66) but more female financial secretaries (99) than males (80). As per the supervisory board, there are similarly more males (138) who are presidents compared to females (41), just as there are more males (109) as sectary generals than females (70). However, the proportion of males (88) as financial secretaries within the ranks of the supervisory board is less than that of females (91). From the above analysis, we can conclude that there is gender bias in favour of males in the ranks of a president and secretary general, both at the management and supervisory boards. However, at both boards, the gender bias is minimized in the position of financial secretary and in favour of women.

With respect to level of educational attainment (Table 2), the results show that majority of the senior staff at both the management and supervisory boards are secondary school leavers with at most advanced level. On aggregate, 102 (57%), 113 (57.5%), 94 (52.5%) of the presidents, secretary generals and financial secretaries of the board are secondary school leavers as compared to 42 (23.5%), 28 (15.6%), and 42 (23.5%), respectively who are university graduates in the board of directors. Similarly, 97 (54.2%), 96 (53.6%), 102 (57%) of the presidents, secretary generals and financial secretaries of the board are secondary school leavers as compared to 39 (21.8%), 30 (16.8%), and 42 (23.5%), respectively who are university graduates in the supervisory board. In both cases, however, less than 25% of the board members are primary school leavers.

Table 1: *Distribution of Respondents by level of education*

	Board of Directors			**Supervisory Board**		
Level of Education	President	SG	Finance	President	SG	Finance
Primary School	19	34	26	29	40	19
Secondary School	51	56	38	37	55	51
Secondary High School	51	47	56	60	41	51
Undergraduate (BD/HND)	42	28	42	39	30	42
Postgraduate	12	8	12	8	0	12
Unknown	4	6	5	6	13	4
Total	179	179	179	179	179	179

Source: By Author

The educational level of the board members above shows some level of limited managerial and supervisory knowledge at the level of boards that govern these agricultural cooperatives. In terms of age members of the management and supervisory board (Table 2), the findings showed that at the level of the presidents, the average age is 50years for the board of directors and 47years in the supervisory board, with the youngest being 23years for both boards and the oldest being 78years and 80years for the management and supervisory boards respectively.

Table 2: *Age of Board members*

	Board of Directors			Supervisory Board		
Level of Education	President	SG	Finance	President	SG	Finance
Mean	50	44	46	47	40	41
Minimum	23	20	25	23	23	25
Maximum	78	84	75	80	70	78

Source: Author

The Results in Table 2 further show that the secretary generals are averagely aged 44years and 40years, with the youngest being 20years and 23years and the oldest being 84 and 70years for the management and supervisory boards respectively. Finally, the average age of finance clerks were 46years and 41years, the youngest of whom are 25years in both cases and the oldest being 75years and 78years in the management and supervisory boards respectively.

With regards to the legal form of the cooperatives, the results in Table 4.9 shows that approximately 15.8% of the cooperatives are simplified cooperatives without a board of directors, while 84.2 % do operate with a board of directors. This further forty their adherence to the OHAD regulations in force. We also note that approximately 86% of the cooperatives with BOD are those that follow the OHADA regulations and 76.2% of those which operate under the 1992 law on cooperatives.

Table 3: *Legal Form of Cooperatives*

Legal Form	Frequency	Percent	Valid Percent
Cooperative without BOD	28	15,6	15,8
Cooperative with BOD	149	83,2	84,2
Unknown	2	1,1	
Total	179	100,0	

Source: By Author

The study further inquired about the cooperatives' compliance with some tenets of the OHADA system especially within the domains of formation and incorporation. In relation to the formation of cooperatives in line with the OHADA law, 155 of the cooperatives have put in place their constituent general assemblies (CGAs), with 121 respondents admitting that all the participants at the Constituent General Assembly meeting designated founders of the cooperatives. In the same vein, 173 respondents agreed with the fact that their cooperative has an article of association approved by the CGA. More so, the results have shown that up to 160 cooperative representatives agree that shares have been subscribed as mentioned in the Article of Association.

Table 4: *Compliance level with OHADA Law*

Formation of Cooperatives	Yes	No	No idea
Constituent General Assembly (CGA) of the cooperative taken place	155	-	24
Are all the participants at the Constituent General Assembly meeting designated founders of the cooperatives?	121	-	58
Incorporation of Cooperatives			
Has the Article of Association been approved by the CGA	173		6
Have shares been subscribed as mentioned in the Article of Association	160	2	17

Source: By Author

Volume 05, Issue 10, 2024 | Open Access | ISSN: 2582-6832

4.2 Regression Results

The regression results obtained by OLS are deemed reliable based on the pre and post-tests such as Kaiser-Meyer-Olkin measure of sampling adequacy, Squared multiple correlations and Reliability test (for reliability of PCA estimates), the Breusch–Pagan/Cook–Weisberg for heteroskedasticity, the variance inflation factor (VIF) tests and its associated tolerance level aimed at verifying the existence of serious correlation and the normality test. All of these tests approve the OLS estimates as reliable and efficient except for the test for heteroskedasticity, in which case the robust standard errors are used to leave the OLS estimates unaffected. The regression results are presented in sequence: column (1) captures the effects of governance measures on overall financial sustainability in the absence of the location of cooperatives, their specialisation, and their legal structure; column (2) repeats the same exercise but with the inclusion of location, specialisation, and legal structure. These results are displayed in Table 6.

Based on Column (1) on the effects of governance measures on overall financial sustainability in the absence of the location of cooperatives, their specialisation, and their legal structure, the findings show that, everything being equal, the current state of board composition and responsibility within agricultural cooperatives negatively affects their financial sustainability, with the effects being significant, while the effect of board quality is positive and significant.

Table 5: *Linear Regression Results*

	(1)	(2)
Variables	FINS	FINS
Board composition and Responsibility	-0.149***	-0.155***
	(0.0563)	(0.0573)
Board Quality	0.0183***	0.0190**
	(0.00689)	(0.00807)
Internal Control	0.0451	0.0222
	(0.0701)	(0.0940)
Accounting system and Reporting	0.267***	0.289***
	(0.0596)	(0.0726)
Auditing	0.205***	0.189***
	(0.0540)	(0.0606)
Division (base group=Fako)		
Manyu		0.0217
		(0.252)
Meme		0.0696
		(0.206)
Lebialem		0.602
		(0.377)
Ndian		0.151
		(0.417)
Kupe M.		0.342
		(0.534)
Crop-type		
Potatoes		1.142***
		(0.302)
Coffee		0.846***
		(0.235)
Cassava		0.331
		(0.372)
Plantain		0.131
		(0.536)
Maize		0.325
		(0.323)

Palm_Oil		0.509
		(0.376)
Mixcrops		0.198
legal_frame		0.0590
		(0.183)
Legalform		-0.0853
		(0.204)
Constant	1.16e-09	-0.284
	(0.151)	(0.319)
Observations	106	98
R-squared	0.478	0.576

Source: By Author (2022)

Standard errors in parentheses; *** p<0.01, ** p<0.05, * p<0.1; AUD denotes auditing; ASR= accounting and reporting; BCR= board responsibility and composition; BODQUAL= board quality and IC = internal control.

Note: (1) All other divisions are compared with Fako Division; (2) Crop type: All other crops are compared with Cocoa and (3) legal framework: The 1992 coops are compared to the OHADA as base group.

When the location of cooperatives, their specialisation in terms of type of crop, and their legal structure in terms of legal framework and legal form are factored in (Column 2), the coefficient of board quality remains positive and significant and board composition and responsibility within agricultural cooperatives remain negative and significant.

The negative effects of board composition and responsibility on sustainability is contrary to expectations. This tendency could be attributed in part, to the fact that these cooperatives make more use of an executive board of directors internal to them than external managers, with these boards of directors generally being less skilled and often working on sentiments. Furthermore, the OHADA and other related laws concern the management of cooperatives regarding the composition of the board, and as such, they fail to recognise that since outside directors do not work for or control the company, they are often believed to be more effective monitors than internal directors (Weisbach, 1988; Hermalin & Weisbach, 1988; Patro et al., 2003). Furthermore, it is asserted that non-executive board members provide value to companies by offering expert knowledge and oversight services and that they have an incentive to establish a reputation as decision control specialists to convey their worth (Fama & Jensen, 1983). In addition, outside directors give the company access to resources such as knowledge or contacts outside of their managerial duties (Hambrick & D'Aveni, 1992; Stearns & Mizruchi, 1993). Additionally, these directors are thought to be more objective in their evaluations of the firm's state of affairs and in their suggestions for handling crises (Tipurić et al., 2020). Unfortunately, most of the cooperatives under investigation do not employ external board members.

However, the effect of a quality board is found to be positive on sustainability of agricultural cooperatives. This is to be expected given the importance of education in developing good people into outstanding board members who offer value. Board members can learn from experts and gain a wider perspective on their jobs through higher education. Additionally, exposure gained through education enables the board management of these cooperatives to find ways to maintain their managerial curiosity, seek out new information for the growth of their enterprises, improve organisational strategy, and adhere to the governance policies in place. These enable them to perform more effectively and to work towards the future of the cooperatives.

However, other governance aspects such as auditing, accounting systems, reporting, and the existence of a quality board have a positive and significant effect on financial sustainability. Also, regarding other covariates (control variables) shortlisted to be capable of affecting sustainability, the findings show that financial sustainability in cooperatives that specialise solely in potatoes and coffee is significantly higher than in those that specialise in cocoa production by 1.142 and 0.846 standard units, respectively. The study, however, finds that although cooperatives with a functional board of directors (BOD) are more financially sustainable than those without one and those following solely the OHADA Law are less financially sustainable than others working within the framework of the 1992 law, the legal structure is insignificant in determining the financial sustainability of agricultural cooperatives.

5. CONCLUSIONS AND RECOMMENDATIONS

The study sought to investigate the implications of board composition on the sustainability of agricultural cooperatives in the South West Region of Cameroon, alongside other corporate governance elements. The study concludes that the governance mechanisms in place, especially the composition of the board of directors are crucial to the survival of cooperatives, particularly agricultural cooperatives, as such it will aid in preventing fraud and mismanagement, attracting, and promoting sound decision-making, cutting down on unwarranted and unneeded costs, and creating and maintaining a positive corporate image, which will attract more financing and increase investment in the sector. At the same time, the study is a pointer to the fact that, what matters more is not just the composition of the board of directors but also the quality of the board in terms of the levels of exposure, experience and education of board members.

The study recommends that an efficient board of directors or management committee that is equipped with the necessary knowledge and expertise to carry out its obligations is required to improve the position. This will necessitate employing external managers rather than continuing to rely on their executive managers and involving the BOD of these cooperatives in training. This mandates that cooperatives establish and implement a strategic training programme for their board of directors, placing a particular focus on corporate governance, corporate governance disclosure, and cooperative ethics.

REFERENCES

[1] Adekunle, S. A., & Aghedo, E. M. (2014). Corporate governance and financial performance of selected quoted companies in Nigeria. European Journal of Business and Management, 6(9).

[2] Andrieș, A. M., Căpraru, B., & Nistor, S. (2018). Corporate governance and efficiency in banking: evidence from emerging economies. Applied Economics, 50(34-35), 3812-3832.

[3] Babatunde, A. A., & Akeju, J. B. (2016). The impact of corporate governance on firms' profitability in Nigeria. International Journal of Business and Management Invention, 5(8), 69-72.

[4] Bijman, J., Hanisch, M., & van der Sangen, G. (2014). Shifting control? The changes of internal governance in agricultural cooperatives in the EU. Annals of Public and Cooperative Economics, 85(4), 641-661.

[5] Coleman, K. A., & Biekpe, N. (2007). On the determinants of board size and its composition: Additional evidence from Ghana. Journal of Accounting & Organizational Change, 3, 68- 77.

[6] Ellul, A., & Yerramilli, V. (2013). Stronger risk controls, lower risk: Evidence from US bank holding companies. The Journal of Finance, 68(5), 1757-1803.

[7] Fama, E. F., & Jensen, M. C. (1983). Separation of ownership and control. The journal of law and Economics, 26(2), 301-325.

[8] Fooladi, M., & Nikzad Chaleshtori, G. (2011, June). Corporate governance and firm performance. In International Conference on Sociality and Economics Development (ICSED 2011), Kuala Lumpur, Malaysia, June (pp. 17-19).

[9] Foundation for a Unified Business Law in Africa [FUBLA] (2016). Uniform Act on Cooperatives. http://www.ohadalegis.com/anglais/telAUGB/Ohada-Uniform-Act-Cooperatives-en.pdf

[10] Gaitan, R., S. C., Herrera-Echeverry, H., & Pablo, E. (2017). Corporate Governance and Its Effect on Productivity under Different Business Environments: Evidence from Latin America. Available at SSRN 3003627

[11] Guerrero, S., Lapalme, M. È., Herrbach, O., & Séguin, M. (2017). Board member monitoring behaviors in credit unions: The role of conscientiousness and identification with shareholders. Corporate Governance: An International Review, 25(2), 134-144..

[12] Hakelius, K. (2018). Understanding the board of Swedish farmer cooperatives–Cases focusing on board composition and interaction patterns. Journal of Co-operative Organization and Management, 6(2), 45-52..

[13] Hambrick, D. C., & D'Aveni, R. A. (1992). Top team deterioration as part of the downward spiral of large corporate bankruptcies. Management Science, 38(10), 1445-1466.

[14] Hartarska, V. (2005). Governance and performance of microfinance institutions in Central and Eastern Europe and the newly independent states. World development, 33(10), 1627-1643.

[15] Hermalin, B. E., & Weisbach, M. S. (1988). The determinants of board composition. The Rand journal of economics, 589-606.

[16] Jerab, D. A. (2011). The effect of internal corporate governance mechanisms on corporate performance. Available at SSRN 1846628.

[17] Lipton, M., & Lorsch, J. W. (1992). A modest proposal for improved corporate governance. The business lawyer, 59-77.

[18] Majee, W., & Hoyt, A. (2011). Cooperatives and community development: A perspective on the use of cooperatives in development. Journal of community practice, 19(1), 48-61.

[19] McKillop, D. G., & Wilson, J. O. (2015). Credit unions as cooperative institutions: Distinctiveness, performance and prospects. Social and Environmental Accountability Journal, 35(2), 96-112.

[20] Mersland, R., Randøy, T., & Strøm, R. Ø. (2011). The impact of international influence on microbanks' performance: A global survey. International Business Review, 20(2), 163-176.

[21] Mori, N., & Olomi, D. R. (2012). The effect of boards on the performance of microfinance institutions: Evidence from Tanzania and Kenya.

[22] Njekang, D. N., & Afuge, J. A. (2017). The impact of corporate governance on financial performance of credit unions: The case study of CamCCUL network. International Journal of Multidisciplinary Research and Development, 4(6), 233-243.

[23] Ofeil, K. A. (2005). Participative Schemes and Management Structures of Ghanaian Co-operatives. Journal of Co-operative Studies, 38(3), 14-26.

[24] Patro, S., Lehn, K., & Zhao, M. (2003). Determinants of the size and structure of corporate boards: 1935-2000. Financial Management, 38, 2009.

[25] Paul, G. D., Ebelechukwu, E. C., & Yakubu, S. (2015). Impact of corporate governance on financial performance of microfinance banks in north central Nigeria. International Journal of Humanities Social Sciences and Education, 2(1), 153-170.

[26] Pinto, A. C. (2009). Agricultural Cooperatives and Farmers Organizations.

[27] Reddy, K., & Locke, S. (2014). The relationship between ownership structure, capital structure and corporate governance practices: A case study of co-operatives and mutuals in New Zealand. International Journal of Managerial Finance, 10(4), 511-536..

[28] Stearns, L. B., & Mizruchi, M. S. (1993). Board composition and corporate financing: The impact of financial institution representation on borrowing. Academy of management Journal, 36(3), 603-618.

[29] Tarchouna, A., Jarraya, B., & Bouri, A. (2017). How to explain non-performing loans by many corporate governance variables simultaneously? A corporate governance index is built to US commercial banks. Research in International Business and Finance, 42, 645-657.

[30] Thaddeus, K.J. (2020). Effects of Corporate Governance on the Financial Performance of Cooperative Credit Unions under Camccul Network in Cameroon. Journal of Economics and Management Sciences, 1(2):190-206

[31] Tipurić, D., Dvorski, K., & Delić, M. (2020). Measuring the Quality of Corporate Governance – A Review of Corporate Governance Indices. Journal of Corporate Governance, Insurance, and Risk Management (JCGIRM), 1(1), 224-241.

[32] Unda, L. A., Ahmed, K., & Mather, P. R. (2019). Board characteristics and credit-union performance. Accounting & Finance, 59(4), 2735-2764.

[33] Vu, N. H., & Nguyen, T. (2017). Impacts of corporate governance on firm performance-Empirical studies of listed Singaporean companies. https://lup.lub.lu.se/luur/download?func=downloadFile&recordOId=8917364&fileOId=8917365.

[34] Wally-Dima, L., Baliyan, P., Dzimiri, M., & . Sathyamoorthi, C. R. (2017). The impact of corporate governance on financial performance: The case of listed companies in the consumer services sector in Botswana. Advances in Social Sciences Research Journal, 4(22).

[35] Wanjau, J. N. (2007). A survey of relationship between corporate governance and performance in microfinance institutions in Kenya (Doctoral dissertation, University of Nairobi).

[36] Weisbach, M. S. (1988). Outside directors and CEO turnover. Journal of financial Economics, 20, 431-460.