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Research Paper

Members' perception of application of corporate governance to cooperative societies' management

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ABSTRACT
This study investigated members' perception of the application of corporate governance principles in cooperative societies' management. The area of study was Oyo and Osun states in the South West geopolitical zone of Nigeria. The study administered a closed ended questionnaire to a sample of 693 out of which 475 responded, representing about 68½% of the sample.The result of the study revealed that there were very low levels of usage of corporate governance mechanisms in the management of cooperative societies in Oyo and Osun states. Majority of the respondents affirmed that there are several cooperative societies where members of the same family dominated the committee which contradicts corporate governance principles, thus bringing the independence of the committee to question. Applications for loan are usually considered by a risk management committee but the degree of objectivity of that committee is doubtful. This is because the mode of allocation of credit facilities to members was abysmal (Mean = 2.21). While some were given double of their investments, some were given triple, meaning that they do not follow the laid down guidelines in some instances. However, undertakingsareusually signed by three guarantors before loansare granted to members (Mean = 3.27) which means they rarely give unsecured loan in the cooperative societies. The study recommends among others that risk management committee should be strengthened. Members should not stand as guarantors if they are having outstanding loans. So also, diffused ownership structure should be embraced by cooperative societies in order to safeguard the interest of all members.
KEYWORDS:*esusu, contributory schemes, democracy, non-listed entities, one-man-one-vote*

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I. INTRODUCTION

The use of microfinance institutions especially cooperative in battling poverty has been in existence since time immemorial. The poor and the rich are always faced tackling one problem or the other in improving their economic or social status. One of the solutions to these problems is by coming together and pooling their financial resources to carry out what may be impossible for a single person to do. In some culture, this can be manifested in the creation of self-help associations like *ajo*, *aaro* or *eesu* in Yorubaland of Southwestern Nigeria or *esusu* in the Igboland of Southeast or *adashe* in the Northern part of Nigeria. These contributory schemes cut across many lands as the variant can be found in Togo which is known as *jojuma*; Côte d'Ivoire known as *nago*; Bahamas known as *esu* (Adebayo &Emeka, 2014; Seibel, 2000; Zubairu, 2014).

In order to complement the traditional efforts of the self-help schemes of the people and combat poverty in the land, various governments in Nigeria had initiated different types of programs with particular emphasis on the aims and goals of the government of the day. Poverty and agricultural programmes created by various governments include but not limited to the followings: Agricultural Development Programme (1975), Operation Feed the Nation (1986), National Directorate for Employment (1987), National Fadama Development Programme I (1992), Family Support Programme (1996), National Poverty Eradication Programme (2001), Special Programme on Food Security (2001), National Fadama II Programme (2004), National Special Food Security Programme (2005), National Fadama III Programme (2009) and Sure-P programme (2013) (Gomina, Abdulsalam, Maiyaki&Saddiq, 2015).

All these programmes were targeting those in the rural areas who are mostly poor. One of the channels used in reaching the poor in rural areas is cooperative societies. These cooperative societies are the modern forms of self-help micro financial institutions that have the backing of the government.

Cooperative societies are easily formed due to the non-availability of bottlenecks that are required in the formation of corporate business legal entities. The requirements needed to be fulfilled like huge capital, participation or involvement of experienced shareholders before a business is given corporate approval to become a limited liability are not required in the formation of cooperative societies. The minimum number of persons to form a cooperative society is ten and there is no fixed amount required as capital. In addition to these, members enjoy corporate limited liability status like the business-oriented companies.

The members themselves normally carry out the management functions of cooperative societies. The treasurer, the secretary, and the president are all members of the society. Promoters who are involved in the formation of a cooperative society often find themselves and their allies in these positions.

As governments, both state and federal, realize the importance of cooperative societies, ministries are specifically created to cater for their needs, and cooperative training institutions are established to give adequate training to officials. These societies are given free supervisory services by the trained officials in checking their books and accounts and periodically attending their meetings.

The government officials, in attending cooperative meetings especially annual general meetings, emphasize the main principles of cooperatives to the members and educate them in cooperative philosophy. Members are required to repay loans granted to them promptly and loans received are to be used for productive enterprises. Wet blanket loans are to be discouraged. All necessary documentations in respect loans granted to members should be fulfilled. A wet blanket loan is the loan granted before the existing loan is repaid in full thereby enabling the beneficiary to collect the difference between the new loan and the existing loan. The rights and privileges of members, the approved amount to be appropriated to statutory reserves and the education of members are also the main focus of the officials during the meeting. In respect of election, they stand as observers.The conduct of meetings in cooperative societies is similar to that of business corporate entities. Notice of meetings, presentation of financial statements, appointment of committee members / directors that are in business corporate entities are also available in cooperative societies.

The legal rights and privileges given to cooperative societies are similar to those given to incorporated companies which have separate and distinct legal personalities that separate them from their owners. As soon as the law creates a cooperative society, it has a perpetual life and its life can only be terminated through the process of the law. It can sue and be sued and it enjoys all the perquisites that incorporated companies enjoy. In addition, a registered cooperative society enjoys the benefit of not having the word 'Limited' attached to its name.

As not all members of an incorporated company can involve themselves in the affairs of running the of the company business at the same time, it is mandatory that some members be elected among the shareholders to manage the affairs of the company. These board members who are the representatives of the shareholders now direct the management of the company and present a stewardship report in form of Directors' report at the end of every accounting year. These directors are not there permanently as the law requires that directors be rotated at least once in every three years. At every annual general meeting, one third of directors are to retire and new ones are elected to replace them. A further provision requires directors that are seventy years and above to give notice of that effect to the members if they seek to be elected as directors (Companies and Allied Matters Acts, 2004 as amended).

With the advent of corporate governance, additional requirements are demanded in corporate management in order to enhance not only the performances of the companies but to take care of the interests of all the stakeholders. Governance involves controlling management decisions to ensure that the company achieves its intended purpose and aims.

Membership of the board of directors comprises those in executive and non-executive capacity and it is only meant for those who have appropriate balance of skills, experience, independence, and knowledge of the company to enable them discharge their respective responsibilities effectively. The board is accountable and responsible for the performance and affairs of the company. Shareholders who have at least 10 percent of the capital are expected to have representation on the board. However, the board membership and other management positions are not for perpetuity. Succession plan are put in place to ensure continuity and survival of the enterprise.

Resolutions, which are the official decisions of the company, are arrived at through voting in accordance to the strength of shares of members. Major shareholders, through their votes contribute significantly to major issues and decisions of the company.

Shareholders are free to transfer their shares or sell them in the open market if they desire to do so. The market price of the shares may be in excess of the nominal value. However, this is not applicable to cooperative societies.

With the seemingly positive impact of corporate governance in corporate business entities, there seems to be a wide departure in cooperative societies that have similar corporate legal personality.

Decisions in cooperative societies are made through one-man-one-vote notwithstanding the amount of shares a member has. This has been a fundamental principle of cooperative society. A member with ten shares will be having the same voting strength and rights as a member with ten thousand shares. The committee members who are equivalent to board members in corporate companies are not required to possess any specific qualification or experience before they are elected. Often, the committee members may be charged with the responsibility of overseeing the works of cooperative management staff that are far experienced in corporate world and earn far more than they earn.

Withdrawals from cooperative societies by members only entitle them to the book value of the amounts standing to their credit in books of accounts notwithstanding the number of years of membership. This implies that members withdrawing from the society will no longer benefit from the assets they have participated in building up over the years as there is no market value or current value attached to these shares at the point of withdrawal. Hence, the surviving members are the beneficiary of the assets and liabilities after the withdrawal. All these are departures from the elements of corporate governance where equity surpasses all other considerations.

Corporate governance elements like Board structure, Ownership structure, Risk management practices and Executive compensation that are applicable to public entities seem not to be in practice in cooperative societies. For instance, there is no specific qualifications required for being eligible to be elected as a member of the committee. Members with large savings are not given special privilege to be represented on the committee. Loans are given to members not necessarily taking into consideration the total risks as long as there is enough savings in favour of the members. Members of the committee often determine the amount of compensation in form of honoraria to be paid to themselves. All these are departure from the spirit of good corporate governance.

With these stated problems of cooperative societies that are non-listed entities, this paper will focus on members' perception of applicability of corporate governance in cooperative societies. The rest of the paper is then divided into four sections: Section two is on conceptual framework and literature review while section three is on research methodology. Findings and Discussions are in section four. Section five summarizes, concludes and recommends.

II. CONCEPTUAL FRAMEWORK AND LITERATURE REVIEW

Conceptual framework

Cooperative society

Various scholars, policy makers and writers perceive cooperative society in different perspectives. The International Labour Organization (ILO) defines cooperative society as an association of persons who have voluntarily joined together to achieve a common end through the formation of a democratically controlled business organizations, making equitable contributions to the capital required and accepting a fair share of the risks and benefits of the undertaking (ILO Workers Manual, 1978). A cooperativesociety is a form of business organization that is formed, owned and controlled by those who use its services in which the surplus earnings are divided in proportion to the use of the services made by individual members. It is a voluntary association of people with the aim of providing answers to their economic, social and cultural needs. Cooperative society comprises a group of people faced with common needs and deciding that the solution to their problems is their coming together to form a business enterprise by supplying directly to themselves goods and services produced by this business enterprise. It is also a voluntary association of persons coming together to achieve a common end through the formation of a democratically controlled organization by contributing equitably to the capital required and accepting a fair share of the risks and benefits of the society. Cooperative society is an autonomous association of persons united voluntarily to meet the common economic social and cultural needs and aspirations of the members through a jointly owned and democratically controlled enterprise. A cooperative society can exist in any sphere of the economy as long as there is need for it.

Corporate governance

Corporate governance refers to the set of rules, controls, policies and resolutions put in place to dictate corporate behavior in order to improve the long-term shareholders value by enhancing corporate performance and accountability while taking into account the interest of other stakeholders. In the Cadbury Report of 1992, corporate governance was defined as the system by which companies are directed and controlled. It essentially involves balancing the interests of a company's many stakeholders, such as shareholders, management, customers, suppliers, financiers, government, and the community. The principles of corporate governance include respect for the rights of shareholders, equitable treatment of all stakeholders, responsibilities of the board, transparency, and disclosure. It involves practically every sphere of management, from action plans and internal controls to performance measurement and corporate disclosure. Corporate governance, according to

Siyanbola, Adedeji and Sobande (2014), is an all-encompassing concept as it entails relationships among different stakeholders of the company. It also includes protection from expropriation by insiders; conduct of the annual general meeting;directors' responsibilities for accountability in preparation and presentation of financial statements; honestand fair trading by corporations; fair and equitable treatment of shareholders, including minority shareholders; transparency and credible disclosure standards and protection of consumers' health through standard product, etc.

Corporate governance should not be confused with management as the former is about giving a lead to the company and monitoring andcontrolling management decisions so as to ensure that the companyachieves its intended purpose and aims. Management is concerned with running the business operations of the company. The board of directors is the primary direct stakeholder influencing corporate governance.

Democracy Theory

Democracy, in Western societies, is a central institution to governance and business undertakings. The key elements of democracy include pluralism in which representatives will represent diversified interest groups; one person, one vote election procedure; accountability; transparency and separation of powers. Various voluntary organizations and cooperative societies are run on the doctrine of democratic ideals of equality by not taking into cognizance the weight of interest of member in the organization. Membership of the committees in cooperative societies (board of directors) is determined by one man, one vote procedure. This is opposite of what usually takes place in regular business enterprises where the composition of the board is determined by the number of shares each member possesses. Various interest groups are represented in the composition of the board of directors and their interests are to be taken care of. Resolutions are arrived at using the weight of shares of members.

To be qualified for membership of the board, a member should possess requisite experience and have time for the company. In some corporate financial sectors like banking, the membership of the board is limited to ten years in the sector. These provisions are not applicable in cooperative societies.

With democracy of one man, one vote being one of the cardinal principles of cooperative societies, a non-professional may find himself to be a member of the board. Due to the democratic principles being used in the operations of cooperative societies, corporate governance is more complex in management structure of cooperative societies than any other type of business (Labie&Périlleux, 2008).

III. LITERATURE REVIEW

The genesis of modern cooperative societies in Nigeria was Agriculture. The first registered cooperative society in Nigeria was in Ibadan by the name Gbedun Cooperative Produce and Marketing Society Limited, in 1937. The activities of some indigenous farmers associations like Ibadan Agricultural Society of 1904, Agege Planters Union of 1907 and the Egba Farmers Association of 1910 contributed in no small measure to the Strickland commission established in 1933 on the feasibility of introducing cooperative societies in Nigeria (Uzonwanne, 2015).The commission recommended that with the establishment of modern cooperative system, exploitation by the middlemen would be eliminated; producers would be able to deal directly with entrepreneurs; cooperative members would be able to produce high quality cocoa, cotton and palm produce due to services that are to be rendered by the Department of Agriculture and to do away with high interest loans to members by providing affordable and cheap credit to members.

In 1935, sequel to Strictland's report on the establishment of cooperative society, the first Cooperative Ordinance was passed in Nigeria thereby commencing modern cooperative activities (Nwankwo, Ogbodo&Ewuim, 2016). The first Registrar of Cooperatives was appointed in 1936 and he was empowered to register, inspect, audit, hold inquiries and settle disputes and liquidate unsuccessfully registered cooperatives.

The Industrial Revolution played a vital role in the establishment of cooperative societies in Britain and France. Many workers were forced to form cooperative societies so as to reduce the harsh economic conditions they had to face in manufacturing industries that were far sited to the towns. Traders in these manufacturing towns often sold goods at exorbitant prices to workers who had no choice than to abide with high prices. Many often found that the employment wages collected by them are often given back to the employers. One of the best organized cooperative movements was formed by the workers in Rochdale. This society was pioneered by Robert Owen with a group of ten weavers and twenty others in 1844 and the society carefully set up the fundamental principles of cooperative societies which include open and voluntary membership; no restrictions to sex, race or social status; control of the society by one man, one vote; political and religious neutrality; limited interest on capital; cash trading at market price as all sales were made at prevailing prices for cash only; dividends on patronage which is proportional to their purchases and the regular education of their members (Effiom, 2014).

The essence of getting loan from cooperative societies by members is to fill the gap that exist in their economic needs. The needs may be special or otherwise. Part of the education being given to those collecting loans is that the loan collected should not be used for unfruitful ventures like marrying additional wives or using it for burial rites of their relatives. Members collecting loans have to get guarantors among the members and some may need to get additional security in terms of properties before the loans are granted. These loans, according to Assenga (2008), reduce poverty among the down trodden when there is positive changes in their income. However, this is contrary to the study conducted by Churk (2015) on contributions of cooperative society on improving rural livelihood in a ward in Tanzania when some members reported that their economy nosedived after collecting loan from the society compared to the time before joining the society. For repaying the loan back on time, the cooperative has made them to become slaves and their business situation not better off. Collecting loans from the society had offered them a starting point in life to experience difficult life situations compared to the time before joining the society. The loans had contributed negatively to their social economic activities. Reasons for this include taking some amount of loan collected to repay back for the fear of losing assets pledged as collateral security for the loan. The result of the study therefore, shows no difference in socio-economic life between members and non-members. It is also in agreement with Amin, Rai and Rpoa (2003) that concluded that beneficiaries of micro finance do not consider it as an effective tool to alleviate poverty. Nevertheless circulation of money and lack of entrepreneurial skills may contribute significantly to the findings.

Awotide,Aihonsu, andAdekoya(2011) were also of the opinion that cooperative societies were not very effective and efficient in credit delivery. Also, Ajah, Itam and Asuquo (2014) also agreed that the major constraints militating against cooperative society's effectiveness were low loan repayment, poor management of funds, and outright embezzlement of funds. They found out in their studies that cooperative societies were not very efficient in the queue management when approving and giving out loans.

The operations of the cooperative societies, especially the clerical and bookkeeping aspects, are carried out initially by the founders or promoters of the society. Often, these presidents, secretaries and treasurers are the opinion leaders of the community in which these societies operate. The establishment and development of cooperative societies are mainly based on the local initiative of the founders and local economic strength of the members (Nwankwo, Ogbodo&Ewuim, 2016).

The societies are often unable to engage the services of professionals to manage the administrative and financial operations of the societies due to lack of funds. As these cooperative leaders may lack the knowledge and practice of internal control, the financial assets of the members are often not too safe. In addition to that is the lack of accounting knowledge in the preparation of annual accounts that may require accounting concepts of accruals and prudence which may not be understood by the illiterate members. The lack of internal control and inability of the committee members to properly discharge their oversight functions of control over the employees create rooms for embezzlement. The committee members themselves can perpetrate frauds or collude with the employees to carry out financial improprieties. Ohen, Ofem and Arikpo (2018) asserted that lack of qualified personnel, insincerity of members in credit management and changes in government credit policies were serious challenges that affected efficient delivery of credit by cooperative societies to agricultural enterprises in the study area.

Education of members is one of the cardinal principles of cooperative society. Members are aware of new developments which they would not have the advantage of knowing if they are not members of cooperative societies. Modern conduct of meetings in which agenda, reading of minutes, resolutions, consideration of annual reports are some of the new things the hitherto illiterate members have opportunity to know. This has added advantage on members in their regular operation of their businesses. In a study conducted by Ebong, Eteng and Ekpo (2017), the findings show that membership of cooperative societies significantly influence development of managerial competence for business among rural communities of Odukpani in Cross River State.

IV. RESEARCH METHODOLOGY

Data Structure and Technique of Analysis

The study employed qualitative research technique in order to have close understanding of members' perception of the application of corporate governance to cooperative societies' management. The area of study is in Oyo and Osun states in the South West geopolitical zone of Nigeria.

The study adopted qualitative design in order to provide answers to the stated problems of cooperative societies that are non-listed entities raised in introduction. The research instrument involved the utilization of structured questionnaire in which all facets of opinions and perceptions are covered so as to provide more insights to members' perception of the application of corporate governance to cooperative societies' management.

In achieving the objectives of this study, responses to questionnaires were measured by using questions in Likert scale ranging from Strongly Agree, Agree, Undecided, Disagree to Strongly Disagree. Respondents were asked to indicate their level of agreement and disagreement with each statement using the 5 (five) point Likert scale (5 – Strongly Agree; 4 – Agree; 3 – Undecided; 2 – Disagree 1 – Strongly Disagree).

V. FINDINGS AND DISCUSSIONS

This study investigated whether corporate governance mechanisms were being used in the running of corporative societies. The corporate governance elements used were Board structure, Ownership structure, Risk management practices and Executive compensation. In achieving this, the study administered a closed ended questionnaire to a sample of 693 cooperative members in the study area out of which only 475 responded, representing about 68½% of the sample.

The study's findings in the Appendix revealed that there were very low levels of usage of corporate governance mechanisms in the management of cooperative societies in Oyo and Osun states. This assertion was based on the responses obtained from the respondents which produced a mean score of 2.37 for the question on board size. The result implies that a greater number of the respondents either strongly disagreed or disagreed that the membership size of the committee in their cooperative societies ranges between 5 and 12.

Other aspect of board structure such as whether the society allows two siblings to serve as committee members of the society produced a mean score of 3.39, implying that majority of the respondents affirmed that there are several cooperative societies where members of the same family dominated the committee which contradicts corporate governance principles, thus bringing the independence of the committee to question. For gender balance in the committee, the response ranges from disagree to agree. There was no respondent that strongly agreed or strongly disagreed, meaning that they were not able to provide a generalizable opinion to the question. In contrast, the only aspect of board structure where cooperative societies showed some levels of compliance was that cooperative managers are not permitted to act as chairmen of the societies which means these cooperative societies complied with this aspect of corporate governance mechanism on separation of power. According to Vrieze (2019), management is expected to perform its functions in an efficient and effective manner. Separate individuals should occupy the positions of the Chief Executive Officer and chairman in order to strengthen checks and balances (Oyerogba, 2017). The agent who is hired by the principal can only conduct business on behalf of the principal. He cannot be the principal and agent at the same time (Babalola, 2014).

On the structure of ownership in the cooperative societies, there were some levels of agreement (mean score = 3.06) among the respondents that members assets in the society are divided into units in form of shares. However, the weakness in that aspect of corporate governance practices was that there was no restriction on the unit of asset (shares) that can be purchased in the cooperative society by a single individual, thereby creating opportunity for ownership concentration. The respondents also expressed opinion in support of the fact that an individual is permitted to own up to 10% of the assets (shares) of a cooperative society which is significant deviation from a good corporate governance practices. Again, respondents were in strong disagreement (Mean = 2.23) with the statement that members of the same family are not permitted to acquire large shares in the same cooperative society. In summary, the mean of mean of 2.75 obtained for this variable suggest that there were some form of concentration in the ownership structure of cooperative societies.

Risk assessment in any organization is determined by the level of oversight placed on credit facilities (Oyerogba*et al*, 2016). In the light of that, the study investigated the existence of risk management committee in the cooperative societies and how they perform their duties. As presented in Appendix, it is reasonable to conclude that risk management committee exist in the cooperative societies since an overwhelming majority (Mean = 4.18) agreed and strongly agreed that application for loan are usually considered by a risk management committee but the degree of objectivity of that committee was in doubt. This is because the mode of allocation of credit facility to members was abysmal (Mean = 2.21). While some were given double of their investment, some were given triple, meaning that they do not follow the laid down guidelines in some instances. In principle, there seems to be a loan officer in some cooperative societies, indicated by the descriptive result producing maximum figure of 4 and a mean of 2.35. However, the standard deviation of 1.53 implies that it was not a common practice among the sampled societies. The only appreciable effort towards risk management in the cooperative societies was that undertaking is usually signed by three guarantors before a loan is granted to any member (Mean = 3.27) which means they rarely give unsecured loan in the cooperative societies.

The survey results on executive compensation revealed that majority of the societies adopted a performance based incentive scheme. This conclusion was drawn from the response to the question on whether cooperative society adopts the use of bonuses as a compensation package which produced a mean score of 3.38 and standard deviation of 0.87. Similarly, there was a reasonable level of agreement to the question on whether there was a formal scale for salary payment in the cooperative societies. The mean score was 4.09, suggesting that a greater number of respondents agreed and strongly agreed that the salary of the cooperative full time staff is based on the state salary scale. In contrast, there was lack of agreement on whether there was a well-defined remuneration package for the officers of the society. This implies that the committees were fond of allocating remuneration to themselves recklessly to the detriment of members' interests.

VI. SUMMARY, CONCLUSION AND RECOMMENDATION

The study focused on members' perception of the application of corporate governance to cooperative societies' management in Nigeria. The study area comprised Oyo and Osun states. Specifically, the study considered board structure, ownership structure, risk management practices and executive compensation as corporate governance mechanisms to cooperative societies.

A closed ended questionnaire was administered to 693 members of cooperative societies in the two states and there was a response from 475.

The findings of the study showed low levels of usage of corporate governance mechanisms in the management of cooperative societies in Oyo and Osun states. In many societies, two siblings were serving as committee members which is strongly against the spirit of corporate governance. However, cooperative managers were not allowed to act as chairmen of societies. This showed separation of powers between the management and executive. The risk management committee often assess loan requirements to members but some members often receive more than double of their investments.

Majority of the societies adopted a performance based incentive scheme on executive compensation (honoraria) which are often determined by the executives who normally participate with other members in the sharing of net profits.

This study concludes that there is low level of corporate governance practices in cooperative societies in Oyo and Osun states.

A comprehensive policy on remuneration of the full time employees should be developed by management of cooperative societies so as to attract qualified and competent personnel to run the affairs profitably.

Diffused ownership structure should be embraced by cooperative societies in order to safeguard the interest of all members.

The risk management committee should be strengthened. Members should not stand as guarantors if they are having outstanding loans.

This study was on members' perception of the application of corporate governance to cooperative societies' management. These perceptions in other non-listed entities may not be the same.

Many studies on corporate governance are on public companies which are listed on various stock exchanges. This study on corporate governance on non-listed entities extends the frontier of knowledge as corporate governance involves balancing all the known interests of stakeholders in a business enterprise.

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Appendix

Members' Perception on the Use of Corporate Governance in Cooperative Societies

	Corporate Governance Variables	Minimum	Maximum	Mean	Std. Deviation
	BOARD STRUCTURE				
	The total number of committee members in our cooperative society is between 5 and 12	1	3	2.37	0.83
	The manager is also permitted to act as chairman of the society	1	3	2.46	0.72
	The society allows two siblings to serve as committee members of the society	1	4	3.39	0.59
	Financial secretary and treasurer are two separate offices in our society	2	4	2.52	0.94
	There is gender consideration in the formation of the board	2	4	3.07	0.75
	Mean of Mean			2.564	
	OWNERSHIP STRUCTURE				
	Members assets in the society are divided into units	1	4	3.06	0.69
	There is restriction on the unit of asset that can be purchased in the corporate society	1	4	2.25	0.85
	Members of the same family are not permitted to acquire large share in the same cooperative society	1	4	2.23	0.96
	An individual is permitted to own up to 10% of the assets of the cooperative society	2	4	3.46	0.51
	Mean of Mean			2.75	
	RISK MANAGEMENT PRACTICES				
	Application for loan are usually considered by a risk management committee	1	5	4.18	0.96
	Loan facilities does not go beyond 200% of the applicants asset	2	3	2.21	0.59
	There is a loan officer in our cooperative society	1	4	2.35	1.53
	Undertaking is signed by guarantors before loan is granted to a member	1	4	3.27	0.81
	Mean of Mean			2.49	
	EXECUTIVE COMPENSATION				
	There is a well-defined remuneration package for the officers of the society	1	3	2.20	0.94
	Our society adopts the use of bonuses as a compensation package	2	4	3.38	0.87
	Compensation of the executive is tied to annual performance	1	2	1.11	0.29
	The salary of the cooperative full time staff is based on the state salary scale	1	5	4.09	0.05
	Mean of Mean			1.95	