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CORPORATE GOVERNANCE IN AFRICA:

THE ROLE AND PERFORMANCE OF

BOARD OF DIRECTORS.

MYTH AND REALITY.

THE CAMEROON EVIDENCE

MASTER OF RESEARCH

(BUSINESS AND MANAGEMENT)

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Abstract

Grounded on a multi-theoretic approach, the purpose of this study was to investigate and examine the role and performance of board of directors in corporate governance in Cameroon. The study was motivated by the absence of rigorous corporate governance studies aimed at understanding the role of boards in an African context. The study adopted an exploratory research design in which data was collected through questionnaire survey and analysed quantitative. A qualitative follow up on the quantitative findings to provide a robust explanation was conducted.

The findings suggest that, boards in Cameroon perform multiple roles as identified by the various theories of corporate governance. However, board resource or networking was highlighted to be the most important role boards in Cameroon are committed to perform. This was followed by strategic control, behavioural control, strategic participation, output control, and stakeholder task respectively.

Results pointed to the fact that, board roles depending on how it is executed does affect performance of firms. Boards that perform various roles have a positive effect on firm performance while boards that are majority shareholder oriented have a negative effect on the firm's performance. It also emerged that corporate governance is perceived differently within various industries in Cameroon. Findings also suggest CG practices in Cameroon are very much nascent.

The study recommends that corporate governance in Cameroon should be made very visible by implementing separate corporate governance impetus geared at ensuring accountability and transparency in the way firms operate. It also recommends the protection of minority shareholders in firms where there exists concentrated ownership. Finally the study recommends owners of firms to hire directors who understand risk so that; while they control management, they can effectively and efficiently contribute towards firm's strategy and direction to enhance firm performance.

List of Abbreviations

ADB – African Development Bank

BOD - Board of Directors

CG – Corporate Governance

CEMAC - Central African Economic and Monetary Community

CEO - Chief Executive Officer

CFO - Chief Finance Officer

COBAC - Commission Bancaire de l'Afrique Centrale

DSX- Douala Stock Exchange (DSX)

EFA- Exploratory Factor Analysis

FDI- Foreign Direct Investment

GDP - Gross Domestic Product

GM - General Manager

HREC – Human Research Ethics Committee

IMF – International Monetary Fund

MD - Managing Director

OECD – Organisation for Economic Co-operation and Development

OU – Open University

OHADA- Organization for harmonization of business law in Africa

PA - Personal Assistant

PAF - Principal Axis Factor

PCA - Principal Component Analysis

ROE – Return on Equity

RDT - Resource Dependency Theory

TMT - Top Management Team

UNDP - United Nations Development Programme

VIF - Variance Inflation Factor

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CHAPTER I

AIMS and OBJECTIVES

1.0 Introduction

This chapter will provide contextual background of Cameroon corporate governance (hereafter CG). This will be followed by a presentation of the research problem statement, research objectives, and followed by questions guiding the research. The chapter will conclude with an explanation of the aims of the study and structure of the thesis.

1.1 Background of Corporate Governance in Cameroon

The study is situated in Cameroon, which is an interesting context for research because of its Anglo-French tradition and due to the fact that in recent years; the country has introduced institutional and legal framework to support good CG .For example the creation of the Douala Stock Exchange (DSX) market in 2001 and the enactment of company law 'OHADA' (organization for harmonization of business law in Africa). The OHADA company law which governs the whole of the CEMAC (Central African Economic and Monetary Community i.e. CEMAC by its French initials) region encompasses provisions to limit management excesses which may arise from separation of ownership and control of companies. Like in the United States, OHADA law recognizes that many businesses CEMAC region does not have the split between ownership and control that gives rise to governance issues. In the OHADA, so long as there are less than three owners of a business, there can be a single manager who, whether or not an owner of the business, can possess the right to exercise board functions in addition to those to be performed by senior management executives (Dickenson, 2007). In scenarios where there exist a clear separation of ownership and control, cases under the OHADA are often interpreted consistent with standards which are applicable to French company law e.g. managers of companies are not to abuse their rights, neither are minority or majority shareholders who may be in a quasi-management function, are to abuse their control of an entity.

According to the OHADA laws, managers of companies are obliged to make known or disclose to the shareholders essential issues of conflict of interest, and are expected to monitor and control the company. Rather than relying on fiduciary duties, OHADA however lean towards enlisting formal structures.

Similar to developed countries corporate codes e.g., the Viénot 1 and 2 reports and the Bouton report of France, the combined code in the UK, the Sarbanes Oxley Act in USA; Cameroon under the OHADA also values monitoring and control. In a nutshell, CG in Cameroon under the OHADA functions like other governance codes mentioned above with the exception that; it imposes greater disclosure from companies and tends to make use of external structures and rules instead of standard- like fiduciary duties.

Though there are guidelines in the OHADA Company law for effective CG in Cameroon, the country still suffers from a very poor ranking in CG and integrity. According to the World Bank report 2006; GIZ reports (2011) up to 78% of companies in Cameroon believe that corruption is a serious issue affecting CG in the country. Indeed, the need for effective CG and the fight against corruption has been noted as a pre-requisite for effective implementation of the country's goal for Strategic Growth and Employment geared towards transforming Cameroon into an emerging economy by 2035.

According to the World Bank country classification 2015, Cameroon is a lower middle-income country. This research is therefore timely given that in 2009, Cameroon government launched a growth and development programme for the country to transform from a lower middle-income economy to an emerging economy by 2035. The Cameroon government has articulated intentions to increase transparency and effective CG in the various sectors of the economy especially the private sector so as to attract more FDI to contribute in boosting economic growth and achieve its goal to become an emerging economy by 2035 (Cameroon Vision 2035, 2009,pp.28). Firms are expected to adhere to and provide quality and effective application of accounting standards and ensure the application of principle of transparency and publish their accounts (Cameroon Vision 2035 2009, pp.46). This research does add to Cameroons growth strategy by looking at how corporate

director's function, which will thus enhance investor confidence, as a result of, improved CG in the management of firms across different sectors of the economy.

1.2 Statement of the Problem

The purpose of this study is to investigate and examine the CG profile of Cameroon, the role of board of directors in Cameroon perform and its effect on company performance and understand how these roles fit into different CG theoretical underpinnings. The Study will investigate the role of CG board of directors from a functional perspective through executive board of directors. It is by understanding what corporate boards in Africa actually do that we can understand and attempt to investigate input-output (CG and performance nexus) relationship that previous studies have tended to pursue. This study is intended to open the 'black box' of boards of directors and CG in Africa. Furthermore, literature on board of directors (hereafter BODs) has predominantly been considered and investigated from an agency theory and resource dependency theory perspective as the main theoretical underpinnings to support the control and service role of boards (Stiles and Taylor, 2001, Huse, 2005, Huse, 2007, Minichilli *et al.*, 2009) and have been investigated in isolation to each other. The theories used by CG scholars in investigating the BOD and organisation performance nexus often implicitly assume that the institutional conditions establish in western economies are also present in developing economies. Evidently, this is not the situation in developing economies and as a result organizational actions can vary significantly from those found in western economies (will be discuss further in the literature review). In addition to agency theory and resource dependent theories, this study will look at BODs role / task from stewardship and stakeholder perspectives. To the best of my knowledge, prior research has not investigated the role of corporate BODs in Africa and Cameroon in particular. This study thus is aimed at beginning this process by trying to ascertain whether BODs perform the same function wherever in the world.

1.3 Research Objectives

- I. Identify the perceptions of BODs regarding corporate governance process within a Cameroon context.
- II. Evaluate how CG theoretical underpinnings 'fit' into a Cameroon context

- III. Understand ways in which the role performed by BODs influences performance of companies in Cameroon.

1.4 Main Research Question

What is the role of corporate board of directors in Cameroon?

1.4.1 Research Sub-Questions

- I. How do directors perceive corporate governance process in Cameroon?
- II. How does the role performed by corporate BODs fit within theoretical underpinnings in CG?
- III. How does the role performed by BODs affect corporate performance?

1.5 Structure of Thesis

This research study will consist of five chapters. Chapter one is the introductory chapter touching on the overview of the research together with the aims and objectives which will guide the research; Chapter two will present the theoretical and empirical literature by looking at the definition of corporate governance, board of directors, and various theories of corporate governance and the development of hypothesis/ patterns within this theories and why this theories were chosen for the research. This chapter will end with a discussion of CG in Africa and performance nexus. Chapter three will focus on the methodology employed that will consist of data collection method, the rationale behind this methods and details of data collection with participants. This will be followed by thematic interview data analysis, ethical consideration and limitation of research methodology. Chapter four discusses the results and interpretation beginning with quantitative descriptive statistics then factor analysis, correlations and regression results. This will be followed by presentation of interview data evidence and interpretation. Chapter five will focus on the conclusion limitations and recommendation for future research.

CHAPTER II

LITERATURE REVIEW

2.0 Introduction

This literature review is intended to justify the appropriateness of using the four theoretical underpinnings in CG in pursuing the research, and how this study will fit within existing argument in CG. Section one of this review will discuss the meaning of CG and the justification of the theoretical underpinnings adopted. The second part will discuss the BOD in CG. The third section will critically review theoretical approaches to CG and what they identify as board role and performance with a development of hypothesis or patterns within each theory. The fourth section will discuss empirical research in CG in Africa and Firm Performance. The various themes examined in this review of literature were informed by a mapping of literature from key publications in this subject area (see Appendix I: Figure 1- Literature Map).

2.1 Corporate Governance

“What is corporate governance?” has been a question that has evolved over the years in academic literature, practise and policymaking. With lessons learnt from the financial crisis there is an overwhelming push for higher corporate governance standards in corporations around the world. As a result this question has become even more important to many stakeholders (Adams *et al.*, 2008). However attempts to answer this question have led to scholars defining corporate governance from different theoretical perspectives. Such definitions of CG have been tailored to fit the various theoretical underpinnings, which have attempted to explain the role of boards in CG. Huse (2007) argues that CG can be seen as a struggle between ideologies as any attempt to contextualize its meaning will often be biased. Therefore any CG definition is often reflective of the values of those using them. Cadbury report (1992), define CG as “a system by which organisations are directed and controlled.” From an agency theory perspective, CG is both a way to reduce agency costs and reduce private benefits and pet projects, leading to more effective and efficient investments, boosting growth and performance, and a way to protect investors from managerial expropriation, thus easing organisation’s access to external financing and

enhancing valuation (Bruno and Claessens, 2007). Denis and McConnell (2003); Aguilera (2005) define CG from both a stakeholder and agency perspective as a set of mechanisms by which shareholders and other stakeholders of a company exercise control over managers and in so doing, the managers make decisions that increase the value of the company, shareholders and meet the expectations of other stakeholders. From an agency theory perspective, the emphasis is upon shareholders while from a stakeholder perspective the focus is upon a wider range of stakeholders. However from a resource dependency point of view, CG focused on the competitive advantage a firm can achieve as a result of expertise and skills of BODs, principally the resources that non-executive directors bring to an organisation as an alternative of emphasizing the monitoring and control of management (Pfeffer, 1973; Pfeffer and Salancik, 1978; Nicholson *et al.*, 2007).

In CG most of the attention is towards the board of directors as a governance mechanism. However there exist other form of CG mechanism that includes the market for control, auditors, laws and regulations. According to Monks and Minow (2004), board of directors and managerial stock ownership are two aspect of CG that is an effective mechanism to reduce agency cost. For the purpose of this research, the interest will be on the BODs as a governance mechanism and the agency problem will be discussed in detail in subsequent discussions.

2.2 Board of Directors as a Corporate Governance Mechanism

As the preceding discussion has seen CG as a fight between different theoretical foundations, this struggle extends to what a board of director is. From a shareholder focus, Kosnik, (1987), argue BOD's to be a link between the shareholders of an organisation and the managers entrusted with carrying out the day-to-day operation of the organization. Keenan (2004) supports this view by contending that BODs are individuals who are charged with determining a firm's overall strategy and to support and ensure that adequate controls are in place to protect shareholder interest. But other scholars have argue it to be a formal representative of organisations' stock holders whose task is to supervise management performance and protect stakeholder's interest..

The differences in definition and context of what BODs is and the role it plays as a CG mechanism can be understood and appreciated by a discussion of the various key paradigms that constitute the debate and what these paradigms identify as the role/task expectation and performance of boards of directors.

Specifically, this study gives attention to the main four CG theories because literature on BODs has predominantly been considered and investigated from an agency theory and resource dependency theory perspective to support the control and service role of boards (Stiles and Taylor, 2001, Huse, 2005, Huse, 2007, Minichilli *et al.*, 2009) and have been investigated in isolation to each other (Nicholson *et al.*, 2007). Only a few scholars have attempted to compare agency theory with other approaches –e.g. institutional theory (Judge and Zeithaml 1992; Zona and Zattoni, 2007) or combine agency theory with other corresponding perspectives –such as stakeholder and resource dependence theories (Hillman and Dalziel, 2003). Due to the mixed findings from CG research, scholars have recently put emphasis on the need to gain access to process data and to consider varied theoretical angles other than agency theory (Huse, 2000; Stiles and Taylor, 2001; Hermalin and Weisbach, 2003; Pye and Pettigrew, 2005; Zona and Zattoni, 2007; Minichilli *et al.*, 2009).

Therefore the researcher believes agency, stewardship, resource dependency and stakeholder theories are relevant in understanding role of BODs in Cameroon because of the following reasons;

Firstly, CG in emerging economies , in Africa and Cameroon in particular is still at an infancy stage (Young *et al.*, 2008) thus using the four dominant theoretical approaches eliminate the assumption that a particular theory is relevant in the Cameroon context as no study till date has provided evidence to support this assumption.

Secondly, to choose a single theory in isolation of the others reduces the scope of what BODs do. Indeed Nicholson *et al.*, (2007) argue that while each CG theory can explain a particular case, no single theory elucidates the universal pattern of results. My approach is also supported by Daily *et al.* (2003) who contend that it is important to take a multi-theoretic approach to CG, as it enables the researcher to identify and comprehend the interconnectedness of structures and mechanisms that potentially enhance organisational performance. Therefore by employing different theoretical

perspective this study seeks to understand in-depth the function of board of directors in Cameroon. The study objective in the subsequent sections is to draw on the key constructs of each theory to develop an estimated pattern of data to compare against my fieldwork. Other theories such as institutional theory, social network theory and other related theories have been used by scholars to understand how culture, rules, norms, routines and knowledge dynamics affect the functioning of groups within particular context, however, after a critical review of relevant literature following the literature map on page 78, and given the scope of the research and the interest in understanding board function, the four theories discussed below were considered more suitable to answer the research questions of the study.

2.3 Agency Theory, Role of BODs and Performance

Agency theory is based on the premise that, there is an inherent conflict of interest between a firm's providers of funds and the people who manage these funds (Fama and Jensen, 1983; Nicholson and Kiel, 2007; Huse, 2007). It is concerned with the alignment of the interests of the providers of funds and managers of funds (Jensen and Meckling, 1976; Fama and Jensen, 1983; Rwegasira, 2000). The results of such conflict of interest have led to a widespread separation of the control and ownership functions of firms as far back as the days of Adam Smith (Nicholson and Kiel, 2007). According to this theory manager's of firms have better and extensive knowledge and expertise of firms than the providers of funds (shareholders), therefore they are in a position to perpetuate self-interested action at the expense of funds providers (Chiang, 2005; Kula, 2005; Nicholson and Kiel, 2007). Managerial interest can be manifested through clear and tangible benefits such as perquisites (flying first class, large offices and luxurious cars) and in less identifiable motivations such as the pursuit for growth at the expense of profit maximisation (Nicholson and Kiel, 2007).

In order to curb this agency problem, the implications to CG is to provide adequate control and monitoring mechanism to protect shareholders from management misappropriation (Huse, 2007). Therefore the role of the board of directors as a CG mechanism is to monitor and control management and in so doing reduce agency cost and increase shareholders value. By monitoring and controlling management by BODs, agency cost is reduced and firm performance is improved (Minichilli *et al.*, 2007; Huse and Zattoni, 2008; Minichilli *et al.*, 2009). The paramount role of BODs

is to protect shareholders' from management opportunistic behaviour (Fama and Jensen, 1983). As a result, BODs are task with actively monitoring and controlling behaviours and decisions of top management of companies and in so doing protect shareholders' value maximization (Fama and Jensen, 1983; Huse, 2005; Minichilli *et al.*, 2009). From this view, BODs control tasks therefore includes; controlling organisation performance, monitoring the actions implemented by management and assessing the behaviour of CEO's and other top management team. To be able to perform this role, boards are expected to be committed through preparation i.e. willingness to participate in board meetings (Minichilli *et al.*, 2009) and involvement i.e. devote time and effort during discussions in board meetings and follow up to see that board decisions are implemented (Pearce and Zahra, 1991; Minichilli *et al.*, 2009). BODs commitments is argued to be crucial for the board to effectively monitor and control management. Following from this we expect the following patterns within this role of boards.

P1a: BODs commitment is positively associated with board monitoring and controlling management strategy, remuneration, behaviour and output and in so doing maximise shareholders value.

Furthermore it is also argued that, for boards to be able to perform their functions as expert monitors, they should involve in quality debates aimed at considering broader range of options and to take final decisions which are effective in maximising shareholders wealth (Forbes and Milliken, 1999). It has been argued in CG literature that wider range of alternatives through critical debates may spur the need to reconcile diverse results from BODs which may in turn stimulate effective board discussion leading to high quality decisions making (Minichilli *et al.*, 2009). Hence we expect the following patterns:

P1b: BODs involvement in critical debate is positively associated with board monitoring and controlling management strategy, remuneration, behaviour and output and in so doing maximise shareholders value.

Despite the extensive use of agency theory in studying CG in organisations and its contribution in understanding the principal-agent conflict and identification of BODs monitoring and control task; this theory has attracted criticisms for being very narrow,

and doesn't provide any clear and substantial problems (Hirsch and Friedman, 1986; Perrow, 1986). It has also been criticised for being unrealistically one sided (Perrow, 1986, p.235), and doesn't account for any existing cooperation and trust between agents and principals (Perrow, 1986; Fehr and Falk 2002). In order to overcome the limitations of agency theory, this study will bring in additional theoretical lenses (discussed below), which recognise other functions of BODs to provide a holistic understanding of the role BODs play.

2.4 Stewardship Theory, Role of BODs and Performance

In contrast to agency theory which sees managers of firms as opportunistic people likely to maximise self-interest at the expense of shareholders value creation, stewardship theory postulates that managers are trustworthy individuals and so are good stewards of the funds entrusted to them by the shareholders (Donaldson, 1990., Davis *et al.*, 1997., Daily *et al.* 2003). This is not to say that stewardship theorists accept the opinion of inside/executive directors as altruistic; instead, they recognize that there are many situations in which managers of firms conclude that in serving shareholders' interests, it serves their own interests.

Therefore to protect their reputations as expert decision makers, managers are motivated to manage the firm in a manner that maximizes company performance indicators, including shareholder returns, (Daily *et al.* 2003). According to Davis *et al.*, (1997), stewardship theory seeks to explain a model man who is a steward and whose behaviour is well ordered such that pro-firm, collectivistic actions generate a higher utility than individualistic, self-serving behaviours. As a result, given a choice between self-serving actions and pro-firm actions, managers as stewards will not depart from the organization's interests. Because managers/executive directors spend their working life in the day to day running of the business and understand the organisation better than outside directors, they can make superior decisions that will help enhance company performance and increase shareholders value (Donaldson, 1990; Huse, 2007).

In contrast to agency theory, stewardship theory suggests that the role of BODs is to collaborate and support management in decision making. This theory asserts that, insider-dominated boards contribute a depth of expertise, knowledge, and commitment to the firm, which facilitates the process of decision-making (Hendry and

Kiel, 2004). Consequently the participation of outside directors is viewed essential only to augment the effectiveness of management activities since inside directors have full knowledge of the company's operations. In regards to this advice given and counselling role, BODs task is to actively assess and choose between strategic alternatives developed by top managers of the organisation and provide ideas to enhance the quality of strategic decision-making. In this view, BODs are a team of competent people who help top management of companies to improve their decision-making process. In view of board service task, BODs commitment will mean the willingness of BODs to contribute, participate, support and advise management at each stage of the strategic decision- making process of a firm (Westphal, 1999). Therefore we would expect to discover the following patterns within board role;

P2a: BODs commitment is positively related to providing advice, support and counsel on strategic decision making to top management team to augment the quality of organisational decisions.

In contrast to agency theory which argues for critical debate for the sole interest of maximising shareholders return, within stewardship theory, Minichilli *et al.*, (2009) opine that critical debate is useful with respect to the BOD ability to perform advisory and support functions to management to improve the performance of board's strategic decision making. Hence critical debate can augment strategic decision-making as it accelerates the exchange of information within and between the board and management. Therefore we would expect to observe the following patterns within board role;

P2b: BODs critical debate is positively related to providing advice, support and counsel on strategic decision making to top management team to augment the quality of the firm decisions.

Though stewardship theory provides an explanation of the existence of cooperation and trust between agents and principals with a two sided view of the principal agent relationship (which is a critic of agency theory), it has been criticised for painting an excessively rosy picture of managers as stewards (Arthurs and Busenitz, 2003) and doesn't address what causes interest of the agent and principal to be aligned (Davis *et*

al., 1997). Furthermore, stewardship theory argues for the advice and counsel task of BODs (Donaldson, 1990. Davis *et al.*, 1997; Daily *et al.* 2003) but does not address the competencies needed by BODs in order to perform this role. Therefore there is a need for other theoretical perspectives to understand how BODs provide services to organisations through their links to the external environment, resources and competencies.

2.5 Resource Dependency Theory (RDT), Role of BODs and Performance

Whereas both agency and stewardship theory suggest the role of board from a principal-agent perspective, RDT maintains that, the board is a vital link between the firm and the crucial resources that the firm needs in order to maximise performance (Pfeffer, 1973; Kiel and Nicholson, 2003; Huse, 2007; Nicholson and Kiel, 2007). It is argued that the BODs have to be a potentially essential resource for organisations especially in its relations with the external environment (Hillman *et al.*, 2000).

This theory contends that board members are input; as boundary spanners of the firm and its environment (Daily *et al.* 2003). RDT detects the link between the BODs as a provider of resources (e.g. advice and counsel, legitimacy, links to other organisations etc.) and the firm's performance. Following from this, the role of the BODs is to provide resources to the organisation that can be made use of to become competitive in the market place. Consequently BODs performance can be measured by the amount and type of resources the board members bring to the organisation. From this premise, the composition BODs should be reflective of the resource needs of the firm, which may encompass financial, legal, knowledge and environmental resource.

Following from this view, the main task of BODs is to guarantee the firm a steady flow of critical and essential resources. In other words, BODs are well-known and powerful individuals that make use of their personal networks in order to provide the legitimacy, reputation and stock of resources controlled by the firm (Pfeffer, 1972; Pfeffer and Salancik, 1978; Minichilli *et al.*, 2009). Within resource dependency theory, board committed does mean the BODs are resourceful individuals who are committed to provide and link the company to essential resources needed by the firm.

In view of this theory, the following pattern is expected;

P3a: BODs commitment is positively related to providing critical links and essential external resources to management, which helps in enhancing the company's competitiveness and improves performance of the company.

Within resource dependency theory, board critical debate means board members disagreement due to different technical perspectives, which brings out different opportunities through critical debate produced during board meetings, which enhance the quality of decisions they make (Minichilli *et al.*, 2009). It is argued that complex organisational decisions are best solved by boards endowed with a variety of knowledge, technicality, skills, abilities and opinions (Bantel and Jackson, 1989). In view of this theory, the following pattern is expected to be observed within this theory that;

P3b: BODs critical debate is positively associated with providing critical links and essential external resources to management, which helps in enhancing the company's competitiveness and improve performance of the company.

Despite the popularity of resource dependency theory in identifying the need for BODs resource role, one of its major critics is that it assumes that organizational structure and behaviour are shaped primarily by materialistic forces; and thus fails to identify rival influences such as shareholders, stakeholders, cultural, institutional and ideological factors (Johnson, 1995). The various forces that affect organisation behaviour will be captured by agency and stewardship theory; however stakeholder forces will be discussed by the last theoretical approach below.

2.6 Stakeholder Theory, Role of BODs and Performance

In contrast to other theories discussed above, stakeholder theory has a more pluralistic view of the role of BODs in CG. The theory seeks to balance the expectation of not just shareholders or manager of business but managing the expectations of stakeholders' (Freeman and Reed, 1983; Freeman, 1984; Freeman and Gilbert, 1987; Freeman and Evans 1990; Tashman and Raelin, 2013). Indeed Philip *et al.*, (2003) contend that attention is to the well-being and interests of those who can hinder or assist in the realization of the organizational objectives. Philip *et al.*, (2003) add that;

in this theory, consideration towards interests and well-being of some non-equity shareholders is obligatory for more than just the instrumental and prudential purposes of value maximization of shareholders. Thus, in contrast to agency theory, this theory advocates for the need to meet the expectation of parties who affect and are affected by the organisations operations e.g. shareholders, customers, the general public, investors, and employees. Following from Kaufman and Englander, (2011) argument, the economic purpose of organisations is to provide legitimacy to key stakeholders, to those who add value to the firm, can incur harm, face and accept unique risk as a result of the firms operation. BODs are therefore charged with the role of satisfying expectations of all the parties having stakes in an organisation (Huse 2007). BODs therefore have the legal authority to differentiate among these stakeholder groups and to allocate rights and responsibilities among them accordingly (Phillips *et al.*, 2003; Kaufman and Englander, 2011). BODs can perform their role through negotiation and compromise. In other words, BODS task is to serve as the principal who manages and coordinates the interest of an entities stakeholder to create new wealth and sustain competitive advantage (Freeman and Reed, 1983; Freeman, 1984; Kaufman and Englander, 2011).

Whereas the afore mentioned theories see board commitment in regards to monitoring management, mentoring management and providing networks, stakeholder theory see board commitment as the willingness of the board to participate in board meetings and devote time and effort during discussions to maximise the interest of stakeholders (Philip *et al.*,2003). BODs commitment is crucial for the board to effectively manage the interest of multiple stakeholders. In view of this theory, the following pattern is expected;

P4a: BODs commitment is positively related to managing, coordinating and protecting the interest of stakeholders of a firm to create new wealth and sustain competitive advantage.

Furthermore critical debate can enhance critical and investigative interactions to arise, which in turn may increase the level of board engagement in making optimal decisions for the good of stakeholders. In addition, critical debate may scrutinise

issues that affect interest of the stakeholders. In view of this argument, the following pattern is expected:

P4b: BODs involvement in critical debates is positively related to managing, coordinating and protecting the interest of stakeholders of a firm to create new wealth and sustain competitive advantage.

Despite the recognition of multiple stakeholders by this theory, it has been criticised for breeding ambiguity about who actually can be referred to as a stakeholder of a firm (Philip *et al.*, 2003). Critics of this theory have argued it to be immoral since it does not recognise agency relationship and therefore provides unscrupulous executives of companies with a ready justification to their opportunistic behaviour thus reviving the agency problem which agency theory was designed to overcome (Jensen, 2000; 2010; Sternberg 2000).

The limitation of the various theories discussed therefore goes further to support my approach of using multi-theoretic approach in understanding the role of BODs in CG in a developing economy. Based on these theories, researchers have quantitatively investigated the composition and structure of BODs in developed countries and this has started gaining momentum in emerging African economies. In the following section, I shall discuss some of the studies in Africa and identify a gap in CG research.

The choice of board commitments and critical debate as a predictor to understand to board task performance across the four theories discussed is drawn from the argument that; to understand what boards do, measuring their commitment through attendance of board meetings, preparation for board meetings and decision making during board meetings as well as follow up of these decisions after meetings is more suitable in predicting the behavioural aspect of boards (Huse, 2007; Minichilli *et al.*,2009). In addition critical debate during board meetings reveals the type of strategies and or focus of boards in directing a company to a particular direction. Indeed, Forbes and Milliken (1999) noted that quality of debates in board meetings helps in understanding board roles. This approach was adopted by Minichilli *et al.*,(2009) and their empirical results showed commitment and critical debate

amongst directors as better predictors of board task than demographic characteristics of board members. Hence given the interest of this study to understand board task, critical debate and commitment were the natural choices to use to across all the four theories to answer the research questions.

2.7 Corporate Governance in Africa, BODs and Firm Performance

The impact of the Asian financial crisis of the late 1990's saw a new and heated debated on and about CG in developing capital markets. The crisis exposed both widespread absences in CG and the monitoring role of BODs with the inability of regulatory watchdogs to control and oversee financial institutions in the region (Rwegasira, 2000). With the collapse of the Berlin Wall in 1989, African countries also witnessed the same trend of liberal thought and the promptness of an immense denationalisation and privatisation of what used to be called 'public enterprises'. With the trend in globalisation, CG has become crucial apparently not due to what Africa is today but because of what Africa is developing into. The integration of global capital markets offers opportunities to developing countries in Africa and an avenue to increase and attract foreign direct investments (FDI), modernise technology, private investment, productivity, employment and rapid economic growth. To be able to achieve these goals, it is imperative for firms in Africa to adopt good CG systems (Rwegasira, 2000). According to Rwegasira, (2000); Mehdi,(2007)., Africa is the seat of developing markets thus the ability of Africa to take part in this imminent growth is dependent on how swiftly and efficiently governments can resolve political and socio-economic strife, bureaucratic controls, corruption, unsupportive legal infrastructure issues with special emphasis to capital markets and CG in particular.

As it has been investigated extensively in developed economies and widely recommended that good CG increase firm performance though sometimes with very contradictory results (Erhardt *et al.* 2003; Smith *et al.*, 2005; Adams and Ferreira, 2007; Smith, Smith and Verner, 2006; Neilsen *et al.*, 2008; Miller and Del Carmen Triana, 2009). Scholars who have investigated CG in Africa have tended to follow this agenda. Most of the research in this area has tended to look at board composition, structure, characteristics, ownership characteristics and board demographic characteristics and its effect on firm performance. Such studies include Abor (2005) who examined the relationship between CG and capital structure decisions of listed

Ghanaian firms. His result indicates a statistically significant and positive relationship between board size, board composition, CEO duality and capital structure. Mehdi, (2007) examined the link between BODs, ownership structure and financial markets performance by using a sample of 24 listed Tunisian firms for the period 2000-2005. From his results, he provided evidence that there is a strong relationship between CG and corporate performance. Abor and Fiador, (2013) also investigated the effect of CG on firms dividend pay-out with a sample 27 Ghanaian firms, 177 Nigerian firms, 270 South African firms, 51 Kenyan firms, from the period 1997-2006. Their results showed that, the composition of BOD and board size had significantly positive relationship with dividend pay-out in both Kenya and Ghana. While institutional ownership also showed a positive influence on dividend pay-out among Kenyan and South African firms. But in Nigeria, all the CG measures showed significantly inverse effects on dividend pay-out.

Though research in CG in Africa is still at an early stage, rigorous CG studies within the African context is still lacking. The studies that have attempted to understand CG in Africa have tended to follow the agenda of the current research studies in developed markets. This thus perpetuates the assumption that corporate boards in Africa have similar attributes with corporate boards in developed economies. In following the agenda of CG research in developed economies by studying board characteristics, structure, composition and its effect on performance, it is assumed that BODs in Africa behave and perform there in same manner as corporate boards in developed economies. The theories used by CG scholars in investigating the BOD and organisation performance nexus often implicitly assume that the institutional conditions establish in western economies are also present in developing economies. Evidently, this is not the situation in developing economies and as a result the organizational actions can vary significantly from those found in western economies. Thus the reality of how corporate board in Africa function is still unknown, this is where the study seeks to contribute to the on-going debate. This study thus is aimed at beginning this process by trying to ascertain whether BODs perform the same function wherever in the world.

CHAPTER III

RESEARCH METHODOLOGY

3.0 Introduction

This chapter will discuss and describe the rationale behind the research methodology from the research design, choice of methods employed, the data collection techniques used. The first section will discuss the suitability of the research design employed. This will be followed by a discussion of philosophical position of the research. The third section will discuss the methods of data collection. The fourth and the fifth sections will discuss the ethical considerations and the methodological limitation of the research respectively.

3.1 Research Design

This study adopted a research design that was derived from the research questions and propositions generated from the review of literature and also answer to the calls for new approaches to the understanding of CG. The research adopted an explanatory research design to guide the researcher in identifying the role of BODs in CG. In this research design, data was collected and analysed quantitative then a qualitative follow up on the findings of the quantitative result was carried out to provide a robust understanding of the quantitative results. This design allowed the researcher to select cases from quantitative data and detect questions that need further investigations in the qualitative phase of the research (Harrison, 2012). This method is supported by Creswell *et al.*, (2003); Harrison (2012), who contends that exploratory research designs are frequently, conducted when there is a need for qualitative data to help explain or build on initial quantitative data.

By adopting a mixed method research design in this study; the study responds to the call for a new direction to CG research by employing both a qualitative and quantitative approach in studying CG (Huse *et al.*, 2009; McNulty *et al.*, 2013).

McNulty *et al.*, (2013) argue that, the difference in the different methods of qualitative and quantitative research provides scholars with complementary lenses to explore CG issues. According to these authors, the use of a variety of methods will help CG scholars to gauge into a deeper and richer understanding of the CG phenomena under study. Jick,(1979) argue that, researchers in business and organisational studies can improve the exactitude of their judgments by gathering different kinds of data and employing different methods bearing on the same phenomenon. According to Jick, (1979), by employing an explanatory research design, it allows the researcher to be more confident with his results and present opportunities for the creation of inventive methods. By following an explanatory research design, the researcher provides new ways of capturing CG issues to balance with conventional research design and data collection methods in CG. In addition, the adoption of explanatory research design has been motivated by the need for new methodological approaches bearing in mind the large number of mixed empirical results in CG research which has predominantly been quantitative in nature (Zattoni *et al.*, 2013; Huse *et al.*, 2009). Therefore by using both questionnaire and semi structured interviews to capture the perception of executive board of directors of companies in Cameroon, this study will provide a deeper and richer understanding of the role of BODs in Cameroon and allowed the researcher to be more involved with the CG issue under study.

3.2 Research Approach and Rational

In social science research, there are predominantly two research philosophies, which are positivism and social constructivism. From a positivist perspective according to Easterby-Smith *et al.*, (2008), the social world exists externally and as such its properties can and should be measured through an objective method rather than being subjectively inferred through sensation, intuition and reflection. This is supported by Hammersley, (2002) who opine that positivism seeks to apply scientific methods in studying and understanding social phenomena's including the study of human behaviour, social constructs and history. On the other hand is social constructivism which oppose the positivist stand by arguing that, social science research deals with people and people are different from atoms or non –human form of life (which is the centre of most natural science research) because they actively interpret or make sense of the environment in which they live and as such, the ways in which they interpret themselves and their environment is shaped by particular cultures in which they find

themselves (Hammersley, 2002; Bryman and Teevan, 2005; Easterby-Smith *et al.*, 2008). Consistent with the research design adopted in this study, the study encompasses both a positivist and social constructivist paradigm a blend known as 'pragmatist paradigm'. According to Creswell (2003), pragmatist paradigm is associated with mixed method approach, which entails strategies that consist of collecting data in a sequential or simultaneous manner by adopting methods which are derived from both quantitative and qualitative methodological approaches in a manner that best addresses the research questions of a study. Consistent with this argument and to ensure a reliable interpretation of results, this research analysed and interpreted the quantitative and qualitative data from a positivist and constructivist perspective respectively. By adopting a pragmatist perspective, this study; answers questions which mono-methods approach in CG have not yet answered (Bryman, 2004); will provide stronger inference through breadth and depth in understanding the role of BODs in CG and will provide the opportunity through different findings for an expression of different points of view (Creswell 2003).

3.3 Methods of Data Collection

This research uses primary data as the main data component. Primary data was collected through a survey questionnaire, semi-structured interviews and filed notes. Secondary data from annual reports was collected to supplement the primary data. These data collection methods are discussed below.

3.3.1 Primary Data- Questionnaire Survey

The survey aims at revealing the role of BODs in companies in Cameroon. The survey targeted all sectors of the economy. The choice of targeting all the sectors in the economy was to increase the chances of having more respondents as limiting it to a particular sector(s) would have limited the sample size. The survey was targeted towards executive board of directors of companies in Cameroon (see copy of survey in appendix IX, pp.89). This study is consistent with CG studies which studies, which have incorporated primary data, which are traditionally constructed on a single respondent (Pearce and Zahra, 1991; Huse, 2000; Minichilli *et al.*, 2009). The natural choice of a single respondent is due to the difficulty in accessing primary data on board of directors as it has been noted in CG literature that; directors have the tendency to conduct business in secret (Pettigrew, 1992; Daily *et al.*, 2003; Minichilli

et al., 2009). Consistent with Minichilli *et al.*, (2009), who use the CEO as the key informants to their research, this study used executive directors including CEOs as the key informant as they are in a better position than other board members because of their supposed knowledgeability to provide information on the issues under study. Initially the questionnaire was to be distributed to the respondents through a web based survey and a paper copy survey. Before the questionnaire was distributed, the researcher first of all tried contacting the respondents through email. In a total of 30 emails sent to participants to introduce the research and to seek approval to participate in the research, only 3 of the executive directors who were contacted via email responded to the emails and indicated that they will be willing to take part in the study. This therefore made the researcher to decide to drop the web based survey and the paper copy survey became the natural choice. The questionnaire was distributed to the respondent by the researcher personally.

This process of distributing the questionnaire personally to the respondents was chosen because of the poor postal system in the country and the ability of the researcher to be able to explain in detail to the respondents and seek their consent in participating in the research. It also provided the opportunity for the researcher to recruit participants for the interview part of the research. Furthermore, this method of questionnaire distribution enabled the researcher to use the 'snowballing' technique in recruiting additional participants. This method of collecting data through snow ball sampling is supported by Esterby-Smith *et al.*,(2008) who opine that, snow balling works well where participants are very rare to find and when it's difficult to know who belongs to the population to be sampled. In this study, this technique was very productive as 80% of the respondents after completing the questionnaire became comfortable with the research and recommended additional participants from other companies who became part of the research.

The researcher used structured interview survey in collecting data as all the executive directors who met the researcher accepted to complete the questionnaire. 80% of the respondents completed the questionnaire in the presence of the researcher as this allowed them to ask further clarity to some questions and probed further discussions. This also eliminated the possibility of the participants (CEO, CFO, executive directors) asking their PA's to answer the questionnaire for them (Easterby-Smith *et*

al., 2008). For the 20% of the respondents whom the researcher could not meet during the questionnaire distribution (who completed the questionnaire in the absence of the researcher), the researcher dropped the questionnaires with their PA's and after completing the questionnaire, the respondents called researcher and arranged a pick up. This was so because it was indicated in the questionnaire that because of confidentiality and anonymity, the questionnaire should be handed only to the researcher and the researcher's number was provided in the questionnaire. The researcher used the opportunity during the call to arrange for a 5-10 minutes meeting with the respondent. This enabled the researcher to be able to cross check the responses to the various questions at the time of collection with the participant and bring to the attention of the respondents in cases where there were unanswered questions; clarify any doubts and arrange for a possible interview.

Therefore the researcher had control over making sure that the targeted respondent is the person completing the questionnaire. Hence completeness and accuracy was achieved. This is supported by Easterby Smith *et al.*, (2008), who argue that structured interview survey may be the most effective way to collect survey data and provides a small, accurate and reliable dataset than a large dataset which is riddled with errors. The survey cover letter and the OU consent form (see appendix VIII, pp.86) guaranteed anonymity to moderate participant's propensity to make socially desired answers (Minichilli *et al.*, 2009). The survey questions were adopted from Minichilli *et al.*, (2009) survey instruments and few more questions were added to capture areas which were not covered in their questionnaire e.g. questions related to stakeholder interest. The researcher conducted thorough scrutiny of the wordings of the questions to avoid vague concepts. The resulting questionnaire was piloted with two respondents and ambiguous items were refined. The survey was made available to the respondents in both English and French to avoid language bias. Each respondent had the choice to choose which language they preferred in completing the questionnaire.

Research on BODs using surveys has often yielded low response rate, which is usually below 20%. It is argued that this low rate of responses is due to the fact that directors are very busy professionals and they are aware that some private information cannot be revealed outside their organisations (Pettigrew, 1992; Minichilli *et al.*, 2009). Of the 50 questionnaires distributed and then collected by the researcher, 31

were returned and none was eliminated due to missing information corresponding to 62 per cent of the questionnaires answered.

Data collected was split as follows: agroindustry (4 or 13%), Oil and Gas and Mining (4 or 13%), Whole sale and retail (5 or 16%), Manufacturing (2 or 6%), financial services (10 or 32%), Public administration (2 or 6%), Business services (3 or 10%), Transport, communication and Storage (1 or 3%) (See table I below). This was compared against the GDP of the country by sector for 2013 as published by AFDB, OECD, and UNDP economic outlook for Cameroon. To validate that the sample is representative of the GDP share per sector, and to understand if there were significant variation between respondent and the share of GDP per sector, the Kruskal –Wallis test (Cooper and Schindler, 2006; Van Den Berghe, 2002; Wruck and Wu, 2009) was performed and the results showed a 0.5 level of significant indicating that the distribution of the respondents was the same across each category of GDP. The comparison showed that the various sectors of the economy are represented in the sample. About 65 per cent of the firms in the sample are located in the economically developed Douala (littoral region), 10% of the firms are located in the country capital Yaounde (Centre region), and 15% and 10% of the firms are located in the South West and North West region of the country respectively. A calculation of the total contribution of various firms in the research sample gives approximately 5% contribution to the country’s GDP.

Table 1: Sample Representation

| Sector | Number of | | |
|--------------------------------------|-------------|--------------|-------------|
| | Respondents | % Respondent | % GDP |
| Agro industry | 4 | 12.9% | 22.5% |
| Oil and Gas, Mining | 4 | 12.9% | 8.2% |
| Whole sale and Retail | 5 | 16.1% | 19.9% |
| Manufacturing | 2 | 6.5% | 14.5% |
| Finance | 10 | 32.3% | 11.0% |
| Public Administration | 2 | 6.5% | 8.5% |
| Business Services | 3 | 9.7% | 1.0% |
| Electricity, gas and water | 0 | 0.0% | 1.0% |
| Construction | 0 | 0.0% | 6.0% |
| Transport, storage and communication | 1 | 3.2% | 7.2% |
| Total Respondents | 31 | 100% | 100% |

3.3.2 Primary Data- Semi-Structured Interviews and Field Notes

Semi-structured interviews were used to get the most out of the interview and allowed tailoring of each interview to the individual respondents (Nicholson *et al.*, 2007). The need for qualitative data in CG research to augment ambiguous quantitative findings (Huse *et al.*, 2009; Zattoni *et al.*, 2013) motivated the collection of interview data. As part of the questionnaire, a question was asked to directors to indicate if they will be willing to have a follow up interview with the researcher. Out of the 31 respondents who completed the questionnaire, 23 of them (74%) agreed to participate in the follow up interview. Due to time constraint and availability of both the researcher and the respondents who wanted to be interviewed, the researcher was able to conduct 8 semi structured interviews with directors (See interview questions on appendix X, pp.94). The criterion used for selecting participants from the sample of 23 was through purposive sampling. In this sampling technique, the researcher decided on which participants to include in the sample. This was based on their wealth of knowledge and experience about the research topic, willingness to contribute to the research and representativeness of the sample. Out of the total of 8 interviews, 3 interviewees represented the agro industry sector which represents the largest share of the country's GDP (23%), 3 interviewees from financial service sector, one director from the transport, storage and communication sector and one from the Oil and Gas and Mining sector.

Interviewees were asked to choose a comfortable location for the interview and all of them indicated that they are happy to be interviewed in either their offices or a conference room. Seven of the interviews took place in the offices of the directors and one took place at the conference room of the organisation. The researcher has confidence that a sample size of 8 participants is adequate to accomplish the objectives of the study. This sample size exceeds Guest *et al.*, (2006) recommendation of 6 participants on average, for exploratory studies as is the case with this study. Interviewees consisted of seven men and a female interviewee. This is reflective of the sample size of the questionnaire, which had 24 men and 7 women. In addition, amongst women who answered the questionnaire six indicated that they wanted to be

interviewed for the research. All the female participants who answered affirmative to the interview in the questionnaire were contacted as the researcher intended to increase the number of female interviewees in the sample. However when they were later contacted by the researcher to schedule an interview five of the women declined to be interviewed given reasons to do with time, meetings, travelling and preparation for end of month and board meetings.

All participants but one agreed that the interview be audio recorded for easy transcription and analysis by the researcher. The respondent who refused to be audio recorded gave personal reasons not related to the research as the reason behind the refusal. In this case the researcher took notes during the interview. Each interview lasted for approximately 40 minutes.

As discussed above, the administering of questionnaire through structured interview survey allowed the researcher to probe further discussion and clarity of questions. During this process, the researcher had the opportunity to collect field notes from participants. In the course of respondents completing questionnaire and before and after interviews, interesting discussions on both the content of the questionnaire came up and participants in many cases discussed at length about CG and board issues.

3.3.3 Secondary Data - Documentary Evidence

Consistent with research in CG which have used documentary evidence to supplement other data collection methods (Nicholson *et al.*, 2007; Minichilli, 2009; Zona and Zattoni, 2007), this study collected data from company websites , IMF,AFDB ,OECD websites and reports, newspaper articles, trade publications, country statistics, company laws (OHADA and 1999 law) , industry statistics , annual reports. This documentary evidence assisted the researcher as a rich source of additional evidence to the interview conversations with participants (Loraine *et al.*, 2010, p.230), provided some quantitative data on CEO duality (discussed later in data analysis), industry regulations, CG compliance and other variables. The use of documentary evidence in this research conforms to what Loraine *et al.*, (2010, p.231) describe as abstracting from each document important elements, which reveal ideas, issues and policies that are relevant alongside other data collection methods such as interviews and questionnaires.

3.4 Ethical Considerations

Cognisance of the ethical requirements guiding research at the Open University, high and strict ethical principles were observed at each stage of the study in order to preserve the reliability and integrity of the study and the researcher maintained professionalism at every stage of the research. The researcher adhered to all The Open University's Human Research Ethics Committee (HREC) ethical guidelines by collaborating with supervisors. The researcher applied in good time for an ethics approval from HREC and a favourable response was granted before data collection in Cameroon (see appendix VII, pp.85. for ethical approval form and complete description of ethical consideration). The researcher has continuously safeguarded the rights of the participants by anonymizing their identities and codifying each participants responses with the use of pseudonyms in both the questionnaire and interview transcription (Bryman and Bell ,2007; Saunders *et al.*, 2007; Fisher, 2004). In addition, the researcher has continuously protected the confidentiality of data collected to maintain the trust bestowed on him by the participants. To avoid the possibility of researcher bias, the researcher has maintained high degree of objectivity throughout the study.

3.5 Variables Discussion

The subsequent sections will discuss the dependent variables, independent variables and control variables used in the study. A questionnaire survey as discussed above was used to collect data for dependent, independent and some control variables. See Appendix V: Table 9- Descriptive Statistics for Board Function Items, pp.83 for sources of the various questions used in the questionnaire.

3.5.1 Dependent Variables

Dependent variables were built using items on a five-point Likert scale (Minichilli *et al.*, 2009; Kula, 2005). The variables used as dependent variables were related to the various board tasks identified by the various theories which were discussed in the literature review section of the thesis (Zona and Zattoni, 2007; Minichilli *et al.*, 2009; Minichilli *et al.*, 2012). See Appendix II: Table 2 - Factors of Board Task for factor loadings for board task variables.

From an agency theory perspective, control task was measured using 9 items which were categorised under board behavioural control (4 items), board output control (4 items) and board strategic control (1 item) (Huse, 2005; Minichilli *et al.*, 2009; Huse 1993; Zona and Zattoni, 2007; Minichilli *et al.*, 2012). Under behavioural control, executive directors were asked to assess the degree to which the board (i) monitor management behaviour, (ii) define activities of top management team (TMT), (iii) supervising CEO/GM/MD, (iv) is accountable to shareholders (Stiles and Taylor, 2001). A Component factor analysis (PCA) with varimax rotation (Sabina and Huse; 2006; Minichilli *et al.*, 2012) showed that all 4 items loaded to one factor with a Kaiser-Meyer-Olkin Measure of Sampling Adequacy (KMO) of **0.626**, eigenvalue of **2.158** and factor loadings greater than **0.6**. A test of internal reliability and validity of these 4 items gave a Cronbach alpha of **0.71** which is above the accepted benchmark of **0.60** in social science research (Brace *et al.* 2009).

With regards to board output control, directors were asked to rate the degree to which the board (i) ensures that management activities are inline organisational goals (ii) evaluates and approve of TMT plans, (iii) is kept informed of financial position of the organisation and (iv) is sufficient briefed by TMT. A PCA showed that all 4 items loaded to one factor with KMO of **0.648**, eigenvalue of **1.158** and factor loadings greater than **0.5**. The Cronbach alpha for this for these items is **0.605**. Finally the strategic control task (Minichilli *et al.*, 2009) was measured by asking directors to rate on a five-point-Likert scale the extent to which the board is actively involved in monitoring and evaluating the strategic decisions taken by management.

From a stewardship theory point of view, board services task was categorised into 2 categories and containing 8 items: board advisory task (5 items) and board strategic participation (3 items) (Minichilli and Hansen, 2007; Zattoni and Zona, 2007; Minichilli *et al.*, 2009, Minichilli *et al.*, 2012). In the board advisory task category, executive directors were asked to rate the degree to which they agreed on a five-point Likert scale on the board contributing and providing advice to TMT (i) on management issues (e.g. organisational strategy and structure), (ii) on financial issues (e.g. long term loans, liquidity and relationship with financial institution), (iii) on technical issues (e.g. new technology in the market or competition), (iv) market issues (e.g. competition, market segmentation, customer trend), (v) on legal and taxation

issues (e.g. regulatory laws). PCA showed that all 5 items loaded to one factor with KMO of *0.770*, eigenvalue of *2.649* and factor loadings greater than *0.6*. Reliability and validity test using the Cronbach alpha for these 5 items was *0.776*. Board strategic participation was measured by asking the directors to rate the level to which they agree on the board is actively involved in (i) promoting strategic initiatives in and out of the organisation (ii) long term strategic decision of the organisation and (iii) the implementation of long term strategic decisions. PCA results indicate that all 3 items loaded on one factor with KMO of *0.724*, eigenvalue of *2.508* and factor loadings greater than *0.8*. Reliability and validity test showed a Cronbach alpha for the three board strategic participation items was *0.895*.

Board networking task from a resource dependency standpoint was measured using 3 items (Zattoni and Zona, 2007; Minichilli *et al.*, 2009, Minichilli *et al.*, 2012) by asking the executive directors to rate in a five-point Likert scale the degree to which they agree on the board providing (i) the firm with linkages to important external stakeholders i.e. regulatory authorities, banks, government institutions, policy makers, stock market etc (ii) external legitimacy as perceived by those outside the organisation and contributing towards sustaining the firm's reputation (iii) outside information for the firm's strategic decision making. PCA results show that all 3 items loaded on one factor with KMO of *0.706*, eigenvalue of *2.221* and factor loadings greater than *0.7*. The test of validity and reliability of the three networking items gave a Cronbach alpha of *0.823*.

With regards to the board performing the task of satisfying stakeholders other than the shareholders from a stakeholder theory view point, executive directors were asked to measure using 5 items on a five-point-Likert scale the degree to which the board (i) consider the interest of other stakeholders other than the shareholders (e.g. customers, employees, regulatory authorities etc.) in its strategic decision making (ii) provide the firm with legitimacy (recognition and legality) in its dealing with key stakeholder (iii) prioritise among stakeholder groups and allocate rights and responsibilities accordingly (iv) ensures satisfaction of the firm's stakeholders (v) provide leadership by involving different stakeholder groups in the decision making of the firm. PCA results show that all 5 items loaded on one factor with KMO of *0.728*, eigenvalue of

2.393 and factor loadings greater than 0.5. The test of validity and reliability of the five stakeholder task items gave a Cronbach alpha of 0.711.

3.5.2 Independent Variables

Consistent with studies in CG which have looked at the role and performance of corporate boards, this study collected data on board member's commitment and board critical debate (Minichilli *et al.*, 2009, Forbes and Milliken, 1999) as independent variables for the study.

Board of director's commitment was measured using 10 items on a five point Likert scale. These items include Minichilli *et al.*, (2009) seven items which covers both board preparation and involvements concepts (Minichilli *et al.*, 2009; Huse, 2007). The additional 3 three items added to capture the frequency to which board members attend board meetings and the structure and organisation of board meetings (Zona, and Zattoni, 2007).

Board of director's preparation (Minichilli *et al.*, 2009) was captured by asking executive directors to rate the degree to which directors (i) examine the information provided by management prior to board meetings, (ii) collect additional information to supplement that provided by TMT, (iii) come to board meetings well prepared. Director's involvement was measured by asking directors to rate the level at which directors, (iv) devote the necessary time needed to accomplish their task (v) are available to fulfil their activities in the board, (vi) attend board meetings, (vii) use their knowledge effectively as needed in meetings, (viii) ask useful questions on proposals advanced by management, (ix) raise critical points during meetings (x) contribute in the structure and organisation of meetings. Cronbach alpha for these 10 items was 0.892.

Board critical debate was measured on 6 items. These constituted the items used by (Minichilli *et al.*, 2009). Directors were ask to rate on a five point Likert scale the level at which conflicts and disagreements occur within board of directors on (i) decisions to be taken in the course of board meetings, (ii) the interest of different stakeholders, (iii) the general purpose of the organisation, (iv) the working style of the board, (v) the decision process and (vi) among board members. In this case the Cronbach alpha is 0.821.

3.5.3 Control Variables

This study intended to control at both industry level and board level (Minichilli *et al.*, 2009). The researcher collected information from annual reports, company websites and industry reports to capture some board demography variables; however it was realised that all the firms in the sample had different individuals occupying the position of the CEO and Chairman. Therefore the construction of a dummy for CEO Duality ('1' = separation of CEO and Chairman Position and '0' = concentration of CEO and chairman on same individual) had a mean of 1 meaning 100% separation of power. Hence this variable was dropped.

However at board level the study controlled for board interlock by asking directors if they are directors of other boards. It has been argued that interlocks are positively correlated with board and firm performance (Nicholson *et al.*, 2003). Interlocks were measured by a dummy variable (1=yes) based on director's indication. It has been argued that the finance sector is highly regulated and plays a major role in the functioning of economic systems than other sectors in an economy (Andres and Vallelado, 2008) hence they are subject to more intense regulation than other sectors (Adams and Mehran, 2005). Following from this, the study controlled for industry regulation by introducing a dummy variable (1= regulated) for those firms in the study from the financial service sectors

3.6 Methods of Quantitative Data Analysis

The study analysed quantitative data with the used of descriptive statistics, factor analysis, correlation and regression analysis. The choice and method of analysis through this various methods is discussed below.

3.6.1 Descriptive Statistics

Descriptive statistics was used to describe the basic structures of the data in the study. It will provide simple summaries about the sample and the various measures (Sapford; 2007; Bryman and Bell, 2007; Saunders *et al.*, 2007). The natural choice of descriptive statistics as the starting point of data analyses is due to that fact that, descriptive statistics with simple graphics analysis forms the basis of virtually every quantitative analysis of data (Easterby-Smith *et al.*, 2008). Hence the descriptive statistics in this study provides the bedrock for further quantitative analysis.

3.6.2 Factor Analysis

In CG research, scholars have often grouped some of the dependent variables under two roles: service and control role (Minichilli *et al.*, 2009). The service task is based on resource dependency and stewardship theories and the control task is based on agency and stakeholder theories (Hillman and Dalziel, 2003; Huse, 2005; Huse, 2007). Thus due to the possibility of conceptual overlap of the variables, an attempt was made to identify a parsimonious combination of variables fundamental to the primary dimensions underlying the set of 25 questions on board role (Kula, 2005; Podsakoff *et al.* 2003; Minichilli *et al.*, 2012).

3.6.3 Correlation Analysis

As with descriptive statistics, bivariate correlation analysis was conducted to describe the degree of relationship between the dependent, independent and control variables of the study (Zona, and Zattoni, 2007; Minichilli *et al.*, 2009; Minichilli *et al.*, 2012). Bivariate correlation was therefore used to test if the relationship between the variables is linear (an increase in one variable leads to an increase in the other or an increase in a variable leads to a variable decrease in the other variables) (Bryman and Duncan, 2005). Hence the use of bivariate correlation analyses provided a succinct assessment of the closeness or relationship among the variables and set the pace for a linear regression analysis to be conducted.

3.6.4 Regression Analysis

To be able to explain the roles board of directors' play in Cameroon, the various roles of boards identified in the literature and board process attributes derived from factor analyses was regressed against board performance variables (board commitment and critical debate) while controlling for board interlock and industry regulations. The choice of regression for data analysis is because it can explain variance as much as possible by fitting a straight line as close to all data points as possible (Sapford, 2007; Bryman and Duncan, 2005; Easterby-Smith *et al.*, (2008). Using ordinary least square regression (OLS) method, three models were developed to model the various board tasks. This regression method is consistent with studies that have attempted to understand board task performance (Kula, 2005; Minichilli *et al.*, 2007; Minichilli *et al.*, 2009). The base model (Model I), was intended to show the effect of individual board task and process attribute variables on board commitment as the performance variable. Model II considers an additional independent variable (board critical

debate) to test the predictive power of the board task and process attribute variables on the selected independent variables. Finally the third model (Model III) includes board interlock and industry regulations as control variables.

Model I (basic model) was:

$$P_C = \alpha + \beta_1 X + \varepsilon$$

Where P_C is the dependent variables i.e. board task variable (*behavioural, output, strategic control, advisory, strategic participation, networking and stakeholder task*) or process attributes (*strategic focus, efficiency and access to information; internal focus, internal efficiency and consistency; performance evaluation; and external focus and fiduciary responsibilities*), α is the constant term, β_1 is the beta coefficient of X (board commitment) and ε is the error term which is further broken down into the following disturbance terms.

$$E = U + V$$

Model II

$$P_C = \alpha + \beta_1 X + \beta_2 Y + \varepsilon$$

Where, β_2 is the beta coefficient of second independent variable Y (board critical debate).

Model III

$$P_C = \alpha + \beta_1 X + \beta_2 Y + \beta_3 R + \beta_4 I + \varepsilon$$

Where, β_3 and β_4 are the beta coefficient of control variables R (Industry regulation) and I (Board interlocks).

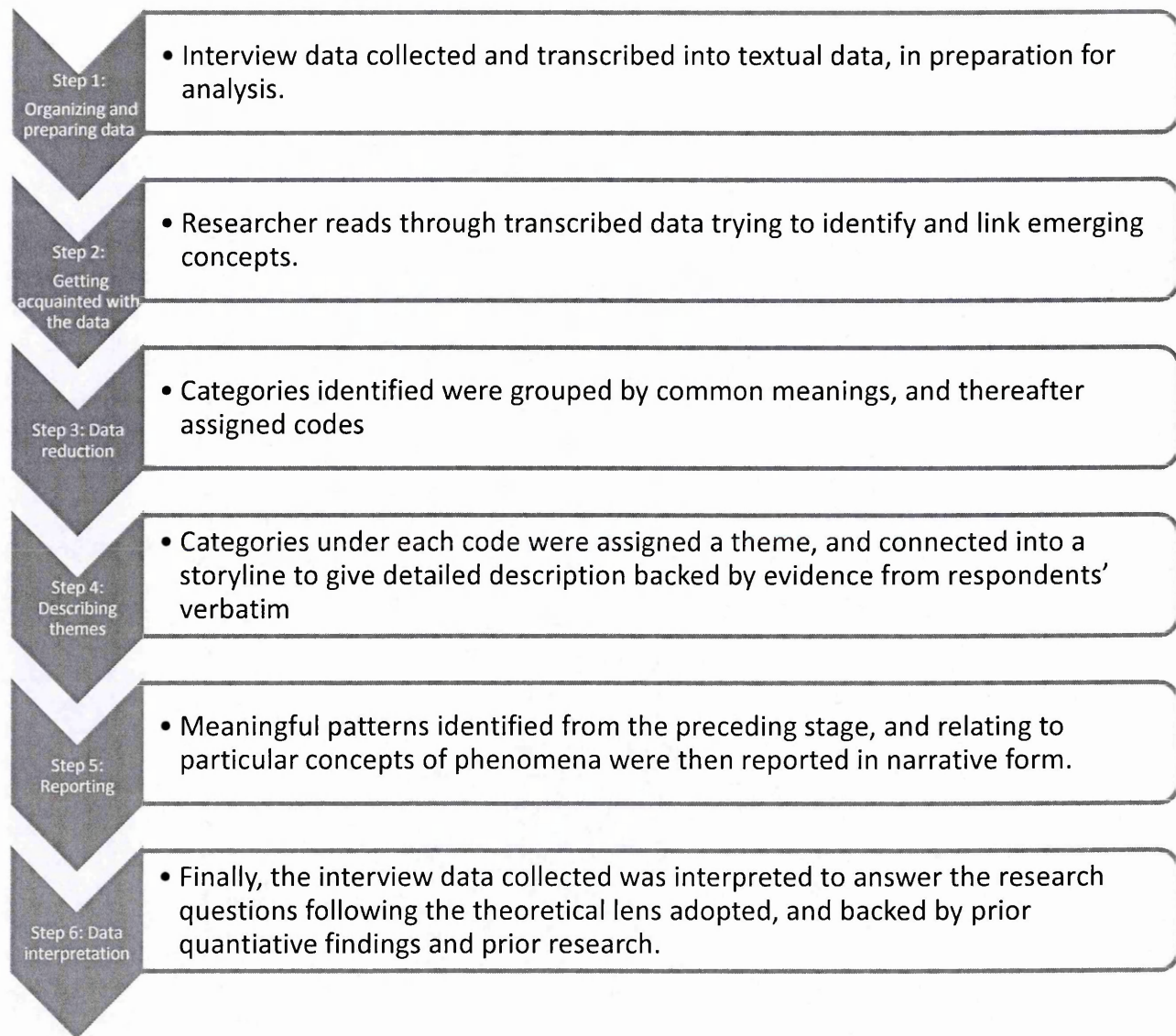
3.7 Qualitative Data Analysis -Thematic Data Analysis

The data analysis began with a full word verbatim transcription of interview data into textual data for easy interpretation. The researcher manually transcribed the interviews

recording so as to be satisfactorily acquainted with the data. Conscious of the fact that there are varied methods of analysing qualitative data, (Easterby-Smith, 2008, p.172), this research employed a thematic data analysis approach to analyse the qualitative data. This method was chosen because it allowed the researcher to identify, analyse and report patterns or themes within the interview and fields note data collected (Braune and Clark, 2006). Adopting this method to interrogate interview data to articulate participant's expressions gives more holistic understanding of the issue under study which is lacking in some quantitative studies. A theoretical thematic analysis was employed to identify any patterns that capture the objectives of the study (Boyatzis, 1998; Braune and Clark, 2006). As Braune and Clark, (2006), thematic analysis is criticized for its flexibility which may lead to multiple interpretations which may impair consistency. To overcome this, the researcher constantly referred back to the theory and patterns developed within the theories to enhance the results of the analysis process (Braun and Clarke, 2006).

The researcher followed the generic analytical framework outlined in table III below as outlined in Creswell (2003, p.191).

Table 3: Thematic Analysis of Data



3.8 Limitation of Research Method

The main limitation for this study is the small sample size for the questionnaire survey that was due to time constraints within which the study data collection was conducted. However due to careful sampling, the sample size was representative of the various sectors within the Cameroonian economy. However this study benefits from the use of interviews, field notes and documentary data to complement the small sample size of the questionnaire (Punch, 2005; Loraine *et al.*, 2010, p.20.)

CHAPTER IV

RESULTS and INTERPRETATION

4.0 Introduction

This chapter will begin with a discussion of the data analysis results starting with quantitative data analysis results, which will cover the descriptive statistics, factor analysis, correlation and regression analysis and pattern analysis. Within the descriptive statistics demography and experience of the sample population and descriptive of variables will be presented. This is followed by factor analysis results, then discussion of correlation and regression results. The quantitative results section will end with discussing of theoretical or board role patterns as proposed in chapter II. The next section which is the qualitative results section will discuss the interpretation of interview data in response to the research questions outlined in the chapter I, patterns as developed within the various theories in chapter II and will provide evidence to supplement the quantitative results and discussions.

4.1 Quantitative Results

The subsequent sub sections will discuss the descriptive statistics, factor analysis, and correlation and regression results of the study. All of these analyses were done using SPSS statistical software version 21.

4.1.1 Descriptive Statistics for Sample Demography and Experience

As discussed above the study included 31 executive directors across the different sectors of the economy. To capture the demographic characteristics and experience of the sample population, directors were asked about their gender (male or female). Directors were also asked to indicate which age bracket they belong to, their highest level of education, longevity in the company, longevity as an executive director in the company and if they are board members on boards of other companies(See Appendix III-Table 7 : Directors Demography and Experience,pp.80.)

From the tables, the sampled population shows that 23 per cent of the directors who responded to the questionnaire were female and 77 per cent were male. Amongst the directors, 32% were within the age bracket 51-60 meanwhile 29%, 26% 13% were age brackets 41-50, 31-40 and 20-30 respectively. With respect to education level of the directors in the study, 36% had a Master's degree, 32% had undergraduate degree, and 13% had other qualifications not listed amongst the categories, 10 % had qualifications below the undergraduate level and 3 % had professional qualification. 42%, 29%, 16%, 13% of the directors have been working for their current organisations for 0-5 years, 6-15 years, above 20 years and 16-20 years respectively. With respect to haven held the position of an executive director in their current organisations, 58% have been executive directors in their current organisation for 0-5 years, while 32%, 7% and 3 % have been executive directors in their current company for 6-15 years, above 20 years and 16-20 years respectively.

4.1.2 Descriptive Statistics for Board Role Variables Items

Among the 25 items, the highest mean value of the responses ranges from 4.6 to 2.9. 76 per cent of the mean responses are in agreement with the statements while 24% of the mean responses were within the neutral rating (see Appendix V: Table 9- Descriptive Statistics for Board Function Items, pp.83). Worthy of note is that 8 out of 9 of the items under the control task of boards have the highest mean responses. This means directors agree more with statements relating to control tasks.

To be able to verify the mean distribution across the various task identified from the theoretical perceptive, the mean of behavioural, output and strategic control was computed to form the set CONTROL, the mean of advisory and strategic participation task was used to compute the set SERVICE, network task and stakeholder task were called NETWORK and STAKEHOLDER respectively. As table 3 below indicates, the mean results shows that the board spends most of its time on controlling the management of firms (*CONTROL*, 4.35) which is followed by involvement of boards in protecting the expectations of stakeholders (*STAKEHOLDER*, 3.64), followed by boards involvement in advising and contributing to board strategic issues (*SERVICE*, 3.59) and the board performing a resource acquisition activities for the firm (*RESOURCE*, 3.37) (see table 3 below). Consistence with the mean responses of the 25 items discussed earlier, board control

task had the highest mean responses supporting that amongst the functions captured in the questionnaire, directors responses are in agreement more on the control role of

Table 4: Descriptive statistics for Board Role Variables

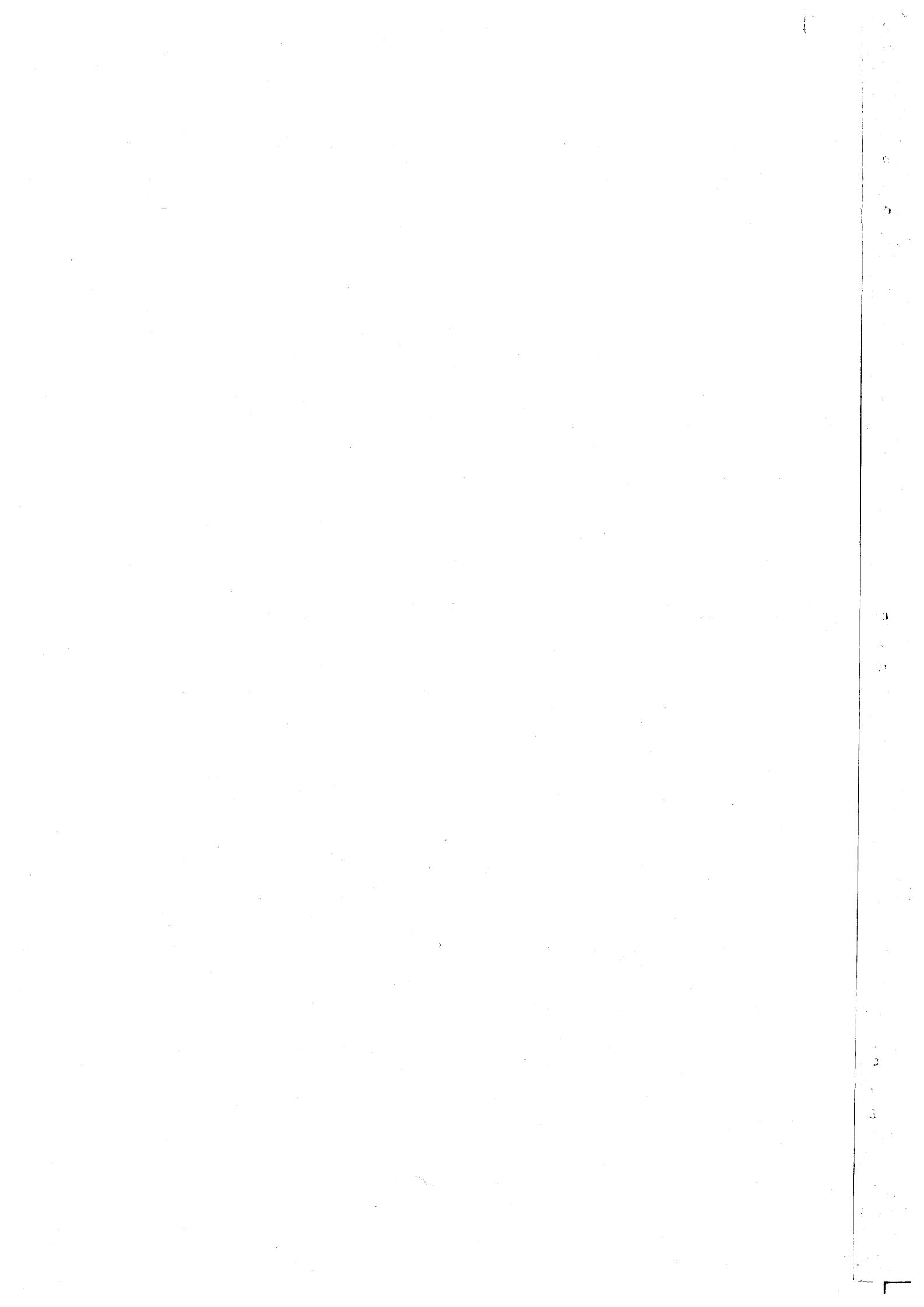
| Board Task Variables | Description | Mean | Median | Mode | SD | Min | Max |
|----------------------|---|------|--------|------|------|-----|-----|
| CONTROL | The amount of time allocated by board to controlling top management (on a scale from 1= "Strongly Disagree" to 5 = "Strongly Agree") | 4.35 | 4 | 5 | .48 | 3 | 5 |
| STAKEHOLDER | The amount of time allocated by board to protect interest of stakeholders (on a scale from 1= "Strongly Disagree" to 5 = "Strongly Agree") | 3.6 | 4 | 3 | .71 | 2 | 5 |
| SERVICE | The amount of time allocated by board to advice and contribute to strategic issues (on a scale from 1= "Strongly Disagree" to 5 = "Strongly Agree") | 3.6 | 4 | 2 | .85 | 2 | 5 |
| RESOURCE | The amount of time allocated by board to resource acquisition (on a scale from 1= "Strongly Disagree" to 5 = "Strongly Agree") | 3.4 | 3 | 4 | 1.17 | 1 | 5 |

boards.

a. Multiple modes exist. The smallest value is shown

4.1.3 Factor Analysis Results

As discussed before of a possibility of conceptual overlap of the variables, an attempt was made to identify a parsimonious combination of variables fundamental to the primary dimensions underlying the set of 25 questions. An exploratory factor analysis (EFA) beginning with PCA was performed with Varimax rotation on the total of 25 items within board role to capture some board process attributes (Kula, 2005, Minichilli *et al.*, 2012). The Kaiser-Meyer-Olkin (KMO) measure of sampling adequacy was *0.511* and the Bartlett's test of sphericity showed strong significance,



which meant further analysis, could be done. The results produced 7 factors, which had an eigenvalue greater than 1 and explained of the total variance 75.4%, of the total variance. Only items, which had loadings of at least 0.40, were retained. In cases of cross loadings, items were retained if the difference between the loading and other cross loadings were more than 0.30 (Mbzibain *et al.*, 2013). Following from this, 3 items with a loading less than 0.4 or a high cross loading were dropped. However a further confirmation using a scree plot showed that only four factors were to be extracted (Bryman and Cramer, 2009).

Following from this, a Principal Axis Factoring (PAF) with fixed factor extraction to extract just 4 factors was conducted. Continuous cross loadings of the items led to the removal of additional 5 items. The remaining 17 items loaded under 4 factors, which explain 63.35% of the total variance of the attributes, and this was confirmed with a scree plot (see Appendix IV: Table 8- Board Process Attribute Factors, pp.82). The first factor (STREFACINFO) consists of 5 items on the promotion of strategic initiatives, participating and implementation of long term strategic decisions and providing external legitimacy. Thus this factor was labelled *strategic focus, efficiency and access to information* (STREFACINFO). Factor two (INEFCONSIS) includes items on contribution and advises on management, legal, financial and taxation issues, defining activities of management and checking management behaviour and adequacy of briefing by management. This factor was labelled *internal focus, internal efficiency and consistency* (INEFCONSIS). The third factor labelled *performance evaluation* (PEREVA) comprise of being acquainted with the financial position of the firm and accountability to the shareholders. The last factor labelled *external focus and fiduciary responsibilities* (EXFOFURES) is comprise of prioritising, ensuring for the interest and satisfaction of different stakeholders and collaborating with management on market issues. A test of internal reliability of this factors showed by the Cronbach alpha were *0.842, 0.750, 0.936, 0.755*, respectively exhibiting a high level of reliability.

This result indicates that, boards in Cameroon do not perform a particular role in isolation of others. Indeed the factor analysis results shows that board can perform different functions as the firm's needs changes.

4.1.4 Correlation Results

Results of the correlation between the variables are presented in table 9 (see Appendix VI: Table 10 - Correlation Results, pp.85). The significance level of the correlations was measured using Pearson correlation coefficient. A double asterisk (**) indicates significance at 1% two-tailed test and a single asterisk (*) indicates significance at 5% two-tailed test. Correlation results showed that; board output control task is positively correlated to board strategic control task (0.398*). Behavioural control task was correlated to strategic control (.0620*) and output control (0.663**). The advisory function of board was correlated to strategic control (0.371*), output control (0.454*) and behavioural control (0.619**). Board networking role was correlated with board strategic control (0.598**), behavioural control (0.485**) and advisory function (0.636**). Board stakeholder task was correlated with board behavioural control (0.453*), advisory role (0.636**) and network function (0.484**). Board committed correlated with board strategic control (0.572**), output control (0.395*), behavioural control (0.426*), advisory role (0.508**), and networking (0.619**). Board critical debate did not have any significant correlation with any of the board task. Board interlock correlated negatively with board critical debate (-0.385*). Industry regulation did not correlate with any of the board task variables, process variables and performance variables.

Board strategic participation correlated with board strategic control (0.540**), behavioural control (0.359*), advisory role (0.395*), networking (0.601**), and board commitment (0.400*). Correlation amongst the various board task showed very high correlations which is expected as it has been argued that active boards perform the various board tasks and will rarely carry out this task selectively or in isolation to each other (Kula, 2005; Huse, 2007; Minichilli *et al.*, 2009). The highest correlation between the board task variables was seen between board behavioural control and board output control (0.663**). The highest correlation between the board task variables and board performance variables was recorded between board network function and board commitment (0.619**).

With regards to board process attributes, board strategic focus, efficiency and access to information correlated with board strategic control (0.551*), advisory role (0.434*), networking role (0.729**), stakeholder role (0.428*), commitment (0.476**) and

strategic participation (0.957**). Board internal focus, internal efficiency and consistency correlated with board strategic control (0.478**), output control (0.585**), behavioural control (0.834*), advisory role (0.867**), networking (0.593**), stakeholder task (0.499**), commitment (0.404*). Board performance evaluation showed correlation with board strategic control (0.367*), output control (0.761**), behavioural control (0.670**), commitment (0.402*) and board internal focus, internal efficiency and consistency (0.420*). Finally, board external focus and fiduciary responsibilities recorded correlation with board behavioural control (0.462**), advisory role (0.650**), networking (0.544**), stakeholder task (0.893**), commitment (0.356*), strategic focus, efficiency and access to information (0.417*) internal focus, internal efficiency and consistency (0.465*). The highest correlation between board task variables and board process attributes was recorded between board strategic participation and strategic focus, efficiency and access to information (0.957**). Furthermore, the maximum correlation between board performance variables and board process variables was seen between strategic focus, efficiency and access to information and board commitment. Between the board attributes, the highest correlation was recorded between board internal focus, internal efficiency and consistency and board external focus and fiduciary responsibilities (0.465**).

The correlations result confirms the factor analysis results indicating that boards perform multiplicity of task as there is high correlation between the various roles of boards. This results is however not surprising given that, active boards are expected to be performing all service, network and control tasks, and will rarely perform these functions selectively (Minichilli *et al.*,2009; 2012).

4.1.5 Regression Results

As discussed in chapter III, to be able to explain the roles board of directors' play in Cameroon which is the main aim of this study and to answer the main research question; the various roles of boards identified in the literature and board process attributes derived from factor analyses was regressed against board commitment (Model I), critical debate (Model II) and then controlled for board interlock and industry regulations (Model III). This will explain if the various patterns developed within the various theories in chapter II is statistically supported or refuted.

Table 4, pp.55 below shows the standardized betas, R^2 , Adj R^2 , and significance of the regression. Grounded on the preliminary analysis (means, standard deviations and bivariate correlation coefficients for the variables used in the regression analyses), a Variance Inflation Factor (VIF) analyses was conducted after each regression model to test for multi-collinearity. The VIF values range from 1 to 1.2, signifying that multi-collinearity was not a problem in the study (Neter, *et al.*, 1996; Kula, 2005; Minichilli *et al.*, 2012). The preceding discussion will present the regression results in light with the various patterns that were developed within the different theories of CG.

4.1.5.1 Agency Theory Pattern

As discussed in the literature agency theory argues for the control role of boards of directors and therefore directors are task to monitor management behavioural, organisational output and control management strategy in so as to maximise shareholder value (Jensen and Meckling, 1976).

As discussed above, agency theory control task was measured using three variables; behavioural, output and strategic control. The first regression considers the behavioural control as the dependent variable and board commitment as independent variable. This showed an Adj R^2 of 0.153**. The subsequent two models showed a very weak and insignificant Adj R^2 of 0.126 and 0.166 and an F change of 0.103 and 1.669 respectively. However in the third model, regulation as a control variable was statistically significant at -0.302*(10%). This means that there is a negative relationship between industry regulation and board behavioural control task. Hence regulation inhibits board behavioural control. The first model is more robust than the latter two models as it has an F- change of 6.426** and is statistically significant at 5%. More specifically it shows that board commitment (0.426**) has a positive impact on board behavioural control. All the models show that commitment is positively related to board behavioural control.

In regards to board output control, the regression models within this role are almost identical to the behavioural control. The first model is more robust with an Adj R^2 of 0.127** and F-change of 5.351 which is significant at 5%. The subsequent two models show very limited predictive power in the regression with insignificant Adj R^2 of 0.105, 0.036 with F-change value of 0.103 and 0.003 respectively. This indicates that similar to board behavioural control, board commitment has a positively impact

on the board output control function and this is the case across all the three regression models.

Furthermore, the third set of regression within agency theory is that of strategic control. Like the two control functions above, Model I shows a stronger predictive power than Model II and III. The later models have an Adj R^2 of 0.287 and 0.139 with F-change value of 0.288 and 0.169 respectively. However model I has an Adj R^2 of 0.305*** and F-change of 14.135*** which is statistically significant at 1%. The rationale is that board strategic control has a positive and strong significant relationship with board commitment.

From the regression analysis within board control function, it can be seen that the model I has a strong predictive power in all the regressions across the different control tasks of board. Interestingly, board commitment is highly associated with all the board control functions while board critical debate does not show any statistically significant relationship with any of the control tasks. With regards to the control variables, only board output control had a statistically significant negative relationship with industry regulation. Among the control tasks, strategic control shows the highest adjusted R^2 (0.305***) with F-change of 14.135***. Hence from this analysis, it can be seen that pattern 1a “*BODs commitment is positively associated with board monitoring and controlling management strategy, remuneration, behaviour and output and in so doing maximise shareholders value*” is supported by the regression results. Pattern 1b (*BODs involvement in critical debate is positively associated with board monitoring and controlling management strategy, remuneration, behaviour and output and in so doing maximise shareholders value*) was not supported by the regression results. Hence it is evident that boards in Cameroon are committed to performing control functions. This is also supported by the mean responses, which were high on board control function and correlation results, which showed a very strong positive association between board commitment and board control functions.

4.1.5.2 Stewardship Theory Pattern

From a stewardship perspective, it is expected to see a pattern between board advisory and strategic participation role with board commitment and board critical debate as presented in patterns 2a and 2b respectively.

From table 4, pp.55, it can be seen in the first regression model that board advisory role had a positive and significant relationship with board commitment with the Adj R^2 of 0.233*** and F-change of 10.110*** and significant at 1%. In the second model, advisory role was still statistically significantly related to board commitment but not with critical debate. The Adj R^2 was 0.206 with insignificant F-change of 0.013. Model three with the addition of controls showed small change (Adj R^2 = 0.219, F-change = 1.232) as compared to the former model but no significant change as compared to model I. The first model is more robust and significant than the proceeding models.

Like the advisory role, strategic participation showed a more robust model I than the latter two models. The Adj R^2 for model I is 0.131** with F-change of 5.513** which was statically significant at 5%. This model shows that strategic participation is strongly related to board commitment. Model II with the addition of board critical debate, commitment was still significant while critical debate was not; with a fall in Adj R^2 (0.104) and weak F change (0.149). Again with the addition of control variables, model III was less predictive than model I but more predictive than model II though insignificantly.

Similar to board control function, board service function showed a positive and significant association with board commitment though the advisory role had a greater Adj R^2 than the strategic participation task. Model I in both tasks was more predictive than the other two models. Hence pattern 2a “*BODs commitment is positively related to providing advice, support and counsel on strategic decision making to top management team to augment the quality of organisational decisions*” is supported by the regression model. Correlation results as discussed above also confirmed this association between board commitment and board service functions.

4.1.5.3 Resource Dependency Theory Pattern

With regards to RDT, which suggests that, the board plays a crucial role in linking the firm to necessary resources (Pfeffer, 1972; 1973; Pfeffer and Salancik, 1978). Thus it is expected that board-networking task is associated to board commitment and board critical debate as presented in patterns 3a and 3b respectively. Regression results show similar results to previous theories, model I showed a more robust regression than II and III. Model I reveal that board networking has a positive significant

association with commitment ($\text{Adj } R^2 = 0.362^{***}$, $F\text{-change} = 18.042^{***}$) which is significant at less than 1%. This pattern continues in model II and III though the predictive power of the latter two models was less robust. Hence pattern 3a is supported by the regression.

4.1.5.4 Stakeholder Theory Pattern

Finally the last pattern, from the stakeholder theory which opines for the consideration of stakeholder interest (Freeman and Reed, 1983; Freeman, 1984; Freeman and Gilbert, 1987; Freeman and Evans; 1990) we expect that there will be an association between the consideration of stakeholders interest with board commitment and critical debate. Consistent with the preceding theories, board stakeholder role was positively related to board commitment though significant at 10% across all the models. Model I was more predictive and significant at 10% ($\text{Adj } R^2 = 0.062^*$, $F\text{-change} = 2.968^*$) than model II and III. As there was no significant association between stakeholder role and critical debate, it can be observed that only pattern 4a was supported by the regression.

4.1.5.5 Synopsis of Board Role (Theory) Patterns

Overall the data reveals that all of the board roles as identified by the various theories have a positive and significant relationship with board commitment (pattern 1a, 2a, 3a, 4a). The networking task showed the highest predictive power than the other functions of boards, which confirms the correlation results presented earlier. This was followed by strategic, advisory, behavioural control strategic participation, and output control and stakeholder task respectively. None of the regressions showed any significant relationship between the task variables and critical debate. With regards to control variables, only output control had a statistically significant negative relationship with industry regulation. These results are supported by the descriptive statistics, which showed that all the tasks identified had a mean response, which were more in agreement to the various tasks identified. In addition correlation results confirm the regression results, which indicate boards in Cameroon are committed in performing multiple functions.

4.1.5.6 Board Process Attribute Patterns

As discussed before, due to the possibility of conceptual overlap of the variables under study, an attempt was made to identify a parsimonious combination of variables fundamental to the primary dimensions underlying these factors. Four factors were

extracted through factor analysis (FACT 1: *strategic focus, efficiency and access to information*; FACT 2: *internal focus, internal efficiency and consistency*; FACT 3: *performance evaluation*; FACT 4: *external focus and fiduciary responsibilities*). The results of the regression are shown in 4, pp.54 below. Among the board process attributes, board strategic focus, efficiency and access to information (FACT 1) had the highest predictive power over board commitment (Adj R² of 0.199*** and F-change of 8.475***) significant at 1%. This was followed by board internal focus, internal efficiency and consistency (FACT 2) with Adj R² of 0.134 and F-change of 5.659** and significant at 5%. Board performance evaluation (FACT 3) also showed a positive association with commitment (Adj R² of 0.133** and F-change of 5.590**) significant at 5%. The last was board external focus and fiduciary responsibilities (FACT 4) which revealed an Adj R² of 0.096 and F-change of 4.203** and significant at 5%. As with the board task variables, the process attributes showed a strong predictive power of Model I. None of the process attribute variables had a significant relationship with board critical debate, board interlock and industry regulation within the significant brackets.

The regression results show consistency with the factor analysis and correlations results. The results show board commitment to be a better measure of board role than board critical debate as board commitment showed the strongest and most significant influence on board attributes and all board functions considered in the research. The following section will present the qualitative results to harmonise or complement the quantitative results presented above.

Table 5: Regression Results

| Variables | | Commitment | Critical Debate | Interlock | Regulation | R-Square | Adj R-Square | F Change | Sig |
|--|-----|------------|-----------------|-----------|------------|----------|--------------|-----------|----------|
| Behavioural Control | I | 0.426** | | | | 0.181 | 0.153** | 6.426** | 0.017** |
| | II | 0.435** | 0.056 | | | 0.184 | 0.126 | 0.103 | 0.751 |
| | III | 0.452** | 0.039 | -0.082 | -0.302* | 0.277 | 0.166 | 1.669 | 0.208 |
| Output Control | I | 0.395* | | | | 0.156 | 0.127** | 5.351** | 0.028** |
| | II | 0.378* | -0.096 | | | 0.165 | 0.105 | 0.301 | 0.587 |
| | III | 0.378* | -0.101 | -0.013 | -0.007 | 0.165 | 0.036 | 0.003 | 0.997 |
| Strategic Control | I | 0.572*** | | | | 0.328 | 0.305*** | 14.135*** | .001*** |
| | II | 0.587*** | 0.084 | | | 0.335 | 0.287 | 0.288 | 0.596 |
| | III | 0.588*** | 0.062 | -0.065 | -0.076 | 0.343 | 0.242 | 0.169 | 0.845 |
| Advisory | I | 0.508*** | | | | 0.259 | 0.233*** | 10.110*** | .003*** |
| | II | 0.512*** | 0.019 | | | 0.259 | 0.206 | 0.013 | 0.911 |
| | III | 0.531*** | 0.034 | 0.005 | -0.254 | 0.323 | 0.219 | 1.232 | 0.308 |
| Strategic Participation | I | 0.400** | | | | 0.160 | 0.131** | 5.513** | 0.026** |
| | II | 0.388** | -0.068 | | | 0.164 | 0.104 | 0.149 | 0.702 |
| | III | 0.370** | -0.169 | -0.254 | 0.017 | 0.220 | 0.100 | 0.924 | 0.409 |
| Networking | I | 0.619*** | | | | 0.384 | 0.362*** | 18.042*** | 0.000*** |
| | II | 0.629*** | 0.055 | | | 0.386 | 0.343 | 0.135 | 0.716 |
| | III | 0.630*** | 0.047 | -0.025 | -0.044 | 0.389 | 0.295 | 0.049 | 0.952 |
| Stakeholder Task | I | 0.305* | | | | 0.093 | 0.062* | 2.968* | .096* |
| | II | 0.327* | 0.129 | | | 0.109 | 0.045 | 0.507 | 0.482 |
| | III | 0.319* | 0.087 | -0.106 | 0.007 | 0.119 | -0.017 | 0.143 | 0.867 |
| Strategic focus, efficiency and access to information. | I | 0.476*** | | | | 0.226 | 0.199 | 8.475*** | 0.007*** |
| | II | 0.477*** | 0.009 | | | 0.226 | 0.171 | 0.003 | 0.956 |
| | III | 0.456*** | -0.086 | -0.227 | .092 | 0.281 | 0.171 | 0.998 | 0.382 |
| Internal focus, internal efficiency and consistency | I | 0.404** | | | | 0.163 | 0.134 | 5.659** | 0.024** |
| | II | 0.423** | 0.113 | | | 0.176 | 0.117 | 0.417 | 0.524 |
| | III | 0.438** | 0.094 | -0.083 | -0.268 | 0.250 | 0.134 | 1.283 | 0.294 |
| Performance evaluation | I | 0.402** | | | | .162 | .133 | 5.590** | .025** |
| | II | 0.387** | -.086 | | | .169 | .109 | .243 | .626 |
| | III | 0.390** | -.069 | .043 | -.002 | .170 | .043 | .025 | .975 |
| External focus and fiduciary responsibilities | I | 0.356** | | | | 0.127 | 0.096 | 4.203** | 0.049** |
| | II | 0.341* | -0.084 | | | 0.134 | 0.072 | 0.224 | 0.640 |
| | III | 0.338* | -0.089 | -0.005 | 0.045 | 0.136 | 0.003 | 0.030 | 0.970 |

4.2 Interpreting Qualitative Data

Proceeding from the quantitative results and discussion above, in this section quotes from interviewee accounts and the findings relating to CG and role of boards have been included in the interpretation to support the finding of the quantitative results. Consistent with its objectives, the research reports the live experiences of executive directors in a Cameroonian context. Other themes related to board of directors such as board composition, board size, organisational CG etc. emerged from the interviews however because of the scope of this study; the researcher narrowed the themes to be presented in the research to fit the research objectives therefore those themes which are not directly related to answer the research question are not part of this report (see interview questions and profile of directors in appendix X and XI, pp.94, 95 respectively).

4.2.1 Wider Perspectives of Corporate Governance in Cameroon

Research Question I: How do directors perceive corporate governance process in Cameroon?

To be able to fulfil the objectives of the research and to give an overall context within which this research is conducted, this sections focuses on directors meaning of CG, CG process and local CG regulation. This will therefore provide an overall understanding of the context of CG in Cameroon and will provide the background and set the pace for the next section which is to understand the function of BODs.

4.2.1.1 Meaning of Corporate Governance

The interviews began by seeking to find out what CG means to the respondents. In this regard, interesting revelations that were observed by the researcher across the various responses to the meaning of CG were both complementary and contrasting. For example a respondent define CG as:

“The set of regulations that define how a structure is going to be run, all the various components of the structure from the shareholders, to the board, to management, to heads of department, it defines the rules that govern the life of that structure”
(CGPB1, large privately owned national bank).

Notable responses to the meaning of CG from other respondents include;

“Set of rules ... set up, to guide, to mitigate possible risks” (CGPB2, medium size privately owned national banking institution).

“Rules to make sure that institutions are properly run with certain laid down ethics, that they are respected... so that the people, the stakeholders and shareholders, everybody at the end of the day is fairly treated.” (CGPT, large privately owned national transport firm).

Interestingly the first two excerpts are from respondents from the banking sector however their definition of CG differs as the first excerpts look at CG as rules that guide the running of a firm from shareholders down to departmental heads. While excerpt two define CG as rules in place in order to alleviate organisational risk. Third respondent from transport sector defines CG from a stakeholder point of view but goes further to complement the fair treatment of stakeholders. Another interesting excerpt that complements excerpt three define CG to be:

“Rules in place to ensure transparency and provide the necessary check and balances which allows any stakeholder to be able to check the surges, excesses of management” (CGPOG, Multinational oil and gas firm).

It is peculiar that respondents from the banking sector opine CG from an internal perspective while respondents from other sectors opine CG from both internal and external perspective. For example excerpt two and four argue for possible risk mitigation; however the former is for the shareholders while the latter is for stakeholders. This various definition of CG by directors is reflective of board roles identified in the quantitative results. The meanings associated to CG laid the basis to assess CG implementation in Cameroon and will show case how the different meanings are reflective of the level of CG implementation as discussed in the subsequent section.

4.2.1.2 Corporate Governance Implementation Process

After exploring the meaning associated to CG, the interview progress to understand the general perception of directors regarding CG process in Cameroon. Most of the responses from the interviews showed a somewhat general consensus on the state of CG in Cameroon. A CEO had this to say about CG process in Cameroon;

“It’s still embryonic, rudimentary at best because this is a concept that is gaining grounds but it’s taking, perhaps much longer because the sensitisation process, to me, is a bit slow” (CGPB1, large privately owned national bank).

According to this respondent, Cameroon is very much behind when it comes to CG due to the fact the sensitisation process is very slow therefore making it difficult for implementation and accountability. When asked why the process of CG in Cameroon was slow, another CEO this time from agroindustry sector owned by the state had this to say;

“In Cameroon I feel, to be honest, I think we still have quite some distance to cover... the issue is not writing a code, it’s not coming out with procedures, it’s a question of mentality, in Cameroon, there are many things that are wonderfully written but they must be enforced” (CGPAIN1, state owned large national agroindustry firm).

The above quotation indicates that CG in Cameroon is at an infancy stage and needs careful attention and enforced implementation guidelines if good CG is to be achieved. However, another respondent shared similar views but goes further to opine that CG process and implementation in Cameroon depends on the deferent sectors and highlighted lack of accountability within government owned firms.

“Within the public sector, pretty much, I mean we all know the story, you know, you have lack of accountability, responsibility, transparency so basically the key pillars within CG are lacking... I think we are at infancy stage ... some organisations are well advanced but if you take everything as a whole, as a country, we are still at infancy” (CGPB3, large multinational bank).

This opinion by the later excerpt was echoed by majority of respondents. The account of interviewee CGPB3 might also be interpreted to suggest that companies in Cameroon apply different CG regulations as discussed in the next section. It also supports the multifunction of board in the quantitative results as the functions board perform are reflective on the level at which CG is seen and implemented.

4.2.1.3 Corporate Governance and Regulation

Some scholars have argued for the need for government intervention regulation for effective CG especially in the banking sector (Mullineux, 2006). With this in mind, the researcher asked directors how their various firms were regulated. Following are few excerpts in response;

“The CG guidelines we tend to follow are the basic regulatory requirements as per the recommendations in OHADA and then of course we have the recommendations of the regulators (COBAC), so those two are the guiding principles, we are a local entity, and CG did not emanate from this environment...” (CGPB1, large privately owned national bank).

Another director from a multinational company had this to say:

“We adhere to CG in both UK and OHADA in Cameroon. It’s more stringent to do it from both sides... in Cameroon we have laws, which are not stringent in Cameroon, and in such cases we apply UK CG laws to help determine what the company does” (CGPOG, large multinational oil and gas firm).

While all companies in Cameroon are compelled to follow the OHADA CG guidelines, when it comes to multi-nationals, in addition to the OHADA, they also implement other CG guidelines out of Cameroon and more importantly guidelines from the country of their parent company. In addition, banks are required to adhere to the OHADA and industry regulator guideline, which is the COBAC.

A respondent from a purely majority state owned firm had this to say:

“We have the OHADA; we have the guidelines which are those instruments the tenant board has put in place as in the 1999 law” (CGPAIN3, large national agroindustry firm with government, local and foreign ownership)

From the later excerpt, state owned organisations are compelled to adhere to both the OHADA CG guidelines and the CG guidelines of LAW N^o 99/016 of December 1999 popularly known as the ‘1999 law’.

Generally, based on the evidence from interviewee feedback above, CG doesn't have a push or drive of its own in Cameroon as most of the CG guidelines can only be found within general company laws and this was noted by one of the respondent also ;

“...the OHADA to a large extent covers some of the issues... I think that having had the OHADA law in place, there could have been a document for CG, which now takes what OHADA has not addressed, it is addressed in CG for Cameroon”(CGAIN2, medium local agroindustry firm).

Director's accounts also testify that CG is intertwined with general laws and industry regulations as such company executives are obliged to implement those guidelines. It is evident that CG lacks institutional identity in Cameroon and as such regulatory guidelines act as a support to CG. Company executive are obliged to adhere to CG as part of company law and regulatory guidelines. Consequently regulation enforcement is the key driver of CG adoption in Cameroon without which majority of firms might not comply with CG.

The evidence from director's account capturing the wider context of CG in Cameroon supports the need for effective CG, which has been echoed by the government as a pre-requisite for effective implementation of the country's goal for Strategic Growth and Employment geared towards transforming Cameroon into an emerging economy by 2035.

4.2.2 Role of Corporate Board of Directors

Research Question 2: What is the role of corporate board of directors?

As the first research questions had set the pace in understanding the context within which this research purports, the next question to the directors was then to capture the central theme of this study which is to understand the function of corporate board of directors in Cameroon. To capture the role of boards, an opened question was asked as part of the questionnaire on the role of boards. Some of responses will be discussed as a part of the different theoretical patterns alongside the interview responds to elucidate patterns.

4.2.2.1 Agency Theory Pattern

According to agency theory the role of the board of directors as a CG mechanism is to monitor and control management and in so doing reduce agency cost and increase shareholders value (Fama and Jensen, 1983; Nicholson and Kiel, 2007; Huse, 2007).

Following from this premise, we will expect that director's responses will reflect the control role of boards. A majority of responses to the open ended question in the questionnaire reflected an agency theory perspective. Some of the responses given by directors as part of the questionnaire includes;

"Plays a supervisory role to ensure policies are implemented and institution goals are achieved" (Respondent from the banking sector).

"Being a representation of the shareholders, the board oversee the activities of our organisation in general, approves and sanctions decisions during board meetings" (Respondent from oil and gas sector)

"The board defines the overall road map of the company for management to execute, take decisions on the overall functioning of the institution and involves in strategic control" (Respondent from the transport sector).

The above responses and many others reflected a typical shareholder activism of boards as prescribed by agency theory. However, during the follow up interview, some interesting responses relating to board shareholder activism came up. Some of these reactions include:

"They (board) set up exactly what the institution has to achieve... in some cases check the excesses of executive management, if there are actually any excesses it is exactly their role to control such excesses" (CGPB2, privately owned national banking institution).

"The board is a rubber stamp of the principal shareholder filled with cronies, it accommodates the interest of the major shareholders who appointed them...if you look at the structure of the balance sheet, capital is small, deposit is big, so the stakeholder driving this institution would be depositors but the control is in the hands of the shareholders" (CGPB1, large privately owned national bank).

Excerpt (CGPB2), is consistent to the previous three excerpts but further elucidate the role of boards to curb management opportunism by checking that management doesn't go beyond shareholders interest in satisfying their personal goals at the expense of shareholder value creation as advocated by agency theory. It is very clear

from the later excerpt (CGPB1) that the board performs a control role but only to the extent that it is in line with the interest of the major shareholders. In this case minority shareholder and other stakeholder interest become relevant only when it doesn't conflict with that of the major shareholders.

This view was supported by another interviewee who opines that majority shareholders often influence the functionality of the board and consequently its decisions making process which is characterised by a majority shareholder orientation and does hinders critical debates in board meetings as the opinions of management and or minority shareholder are irrelevant. A participant quoted an example where the board in the interest of the major shareholder approved non-performing loans which management and a few board members disagreed with and these non-performing loans are disproportionate and have become the biggest problem the bank faces.

In this type of organisational setting, conflict of interest between management, minority shareholders on one hand and the majority shareholder on another hand often spur. Unlike the assumption underlying agency theory that owners (shareholders) are diffused with little individual part of the ownership patterns, some Cameroon companies have concentrated ownership. As a result there is conflict of interest between the majority and minority shareholders. There is need for stronger regulations for protection of minority shareholders. In absence of such regulations the dual agency problems arise with the potential for serious principal-principal conflicts.

In a nutshell it is evident from interviewee's account that boards perform a monitoring and control role, which does confirm the results of agency pattern in the quantitative findings.

4.2.2.2 Stewardship Theory Pattern

Contrary to agency theory, stewardship theories opine that the role of the board is to actively assess and choose between strategic alternatives developed by managers of the organisation and provide ideas to enhance the quality of strategic decision-making (Donaldson, 1990; Davis *et al.*, 1997., Daily *et al.* 2003). On this basis, some respondents in the questionnaire gave accounts to clarify this premise:

“They (the board) have a coordination role over the whole institution” (Respondent from public administration sector).

“The board sets the strategic direction ...they help in decision making and management reports on the implementation to them” (Respondent from Sales and wholesale sector).

From the above responses it is evident that boards act as strategic advisers to management and coordinators of business strategy. They do not only provide management with counsel but also coordinate the implementation of the strategies arrive at in board meetings. Further evidence of the service role of boards was provided during interviews and some of these accounts include:

“They (board) set up the strategy, the vision and mission. This could be short term , medium and long term plans... they don't just assist in the set up and give to executive management, they follow up” (CGPB2, privately owned medium size national banking institution).

“The most essential role that the board plays, is to assist management, assist, and accompany management, particularly on strategic decisions” (CGPAIN1, large national agroindustry firm).

“The board provides strategy, providing direction to management strategy, being the flag bearers of CG” (CGAIN2, medium local agroindustry firm)

The interviewee responses point to the fact that the board is part of the strategy development and implementation of the firm. The board assist and provide direction and orientation to management for the continuous survival of organisations. Another interviewee added that the board is involve in strategic decision-making and advises management base on management ideas. In a nutshell, as exposed by the interviewees, the board actively assess and assist management select between strategic alternatives developed by management and provide ideas to enhance the quality of strategic decision-making. This thus goes to support the stewardship pattern role of boards providing evident to support the quantitative research findings that showed that boards are committed to providing advisory services to management as needed.

4.2.2.3 Resource Dependency Theory Pattern

Within the resource depends theory; BODs are well-known and powerful individuals who make use of their personal networks in order to provide legitimacy, reputation and stock of resources controlled by the firm (Pfeffer, 1972; Pfeffer and Salancik, 1978; Minichilli *et al.*, 2009). Hence we will expect that BODs act as networking individuals and resourceful persons for the organisation. Some respondents in the questionnaire gave evidence to elucidate this board role. A respondent noted that;

“My board act as a lobbying group, who intervene to solve management issues and provide resources which are needed by the company” (Respondent from an agroindustry firm).

According to this respondent the board uses its resources to help solve management issues and lobby resources from the external environment, which is much needed for the survival of the firm. An interviewee revealed that:

“Generally we bring in people who have knowledge and experience in our type of business so that they can contribute to make sure things are effectively done, we have the audit organ of the board who look at records more frequently and the head is someone who has quite a good knowledge of auditing and is a board member, when issues of that nature (auditing) come up, we tap on these resources” (CGPT, Respondent from the transport sector).

The response from CGPT above indicates the board resourcefulness and revealing how the composition of the board is reflective of the resource needs and expertise of the board members. Another interviewee also signposted the resource role of the board by indicating the composition of the board as follows;

“On the board ... we have experienced bankers, very experienced bankers; we have very experienced investment banker, very experienced CEO, and accountant”.
(CGPB3, large multinational bank).

“The board composes of varied directors with different experiences and functional background. It is necessary for the board to compose with people with varied technical background to help the company to be efficient... we have directors who are very experience in the oil and gas sector. It is the expertise that the board brings that

is important for the company to perform well” (CGPOG, large multinational oil and gas firm)

According to excerpt CGPB3, the board is composed of experts with different technical skills which enables the development of sound strategic decisions and links the firm to external important resources needed by the company. Respondent CGPOG goes further to clarify the network or resource role of boards by confirming the expertise directors bring which is deemed necessary for the firm to perform well. This therefore confirms the quantitative results, which indicated that board committed is positively associated with resource role of boards.

4.2.2.4 Stakeholder Theory Pattern

According to stakeholder theory, board role is to serve as the principal who manages and satisfy the interest of stakeholders to create new wealth and sustain competitive advantage (Freeman and Reed, 1983; Freeman, 1984; Kaufman and Englander, 2011). It is therefore expected that board of director’s role will be coordinating the interest of core stakeholders. Responds to the open ended question gave some interesting results associated to this pattern. Some respondents accounted that the board;

“Oversees the activities of the organisation and ultimately act on behalf of and for the benefit of the stakeholders”. (Respondent from oil and gas sector)

Another noted respondent from the banking sector elucidated that the board functions in the:

“Approval of policies and ensure management acts in a way that is in the best interest of the different stakeholders”. (Respondent from the banking sector)

Further evidence from interviews with directors went further to explain the stakeholder role of boards as some of the directors accounted that;

“They (board) don’t only look at how much profit we make for shareholders but also the local population, how they can benefit from the institution;” (CGPAIN3, large national agroindustry firm with government, local and foreign ownership).

According to this director the board functions to make sure that the environment in which the company operates is clean, the is provision for basic amenities such as water, good housing for employees, hospitals, clean working environment etc.

Another director from the oil and gas sector also hinted that:

“When a decision is made it is for the interest of the stakeholders, which ultimately means the interest of the company. The Board does this by looking at what is available and realistically endeavours to balance this interest by being pragmatic and try to come out with optimal decisions prioritizing the interest of all stakeholders” (CGPOG, large multinational oil and gas firm).

Following from this interviewee, in order to coordinating stakeholders interest, the board logically weighs the resources available to the firm on one hand and the claims needed by the various stakeholders on the other hand and make decisions which are optimal in satisfying various stakeholders. In addition, a director from a multinational bank also noted the board endeavours to make sure that decisions which are taken is reflective of the various stakeholders needs which comprises of shareholders, regulators, customers (depositors), employees and the society where they are operating. Consistent to this evidence, it is clear that the board functions in coordinating and making sure that interested parties in a firm are considered in decision making. This thus confirms the results of the quantitative pattern, which indicated that board of directors simultaneously with other roles, perform the stakeholder role.

4.2.3. Role of Corporate Board of Directors and Firm Performance

Research Question III: How does the role performed by BODs affect corporate performance?

Following from the understanding of the role of boards in Cameroon, the next step was to understand how these various roles performed by boards in Cameroon affects the performance of organisations. To achieve this, the researcher probed the directors to relate the role of boards to the overall performance of the company. Though all the directors agreed that the role of boards affect the performance of organisations, it is the divergence in their accounts that was really interesting, for example an interviewee from a large agroindustry firm had this to say about board function and positive firm performance;

“We have representatives (board members) of various ministries so they assist to convey certain positions of the establishment to the various government agencies. In that case it affects (the firm) positively” (CGPAIN1, large national agroindustry firm)

A different director from a multinational oil and gas firm indicated a positive firm performance;

“The board functions in my opinion has a positive effect on our company performance and I think this is really essential otherwise there is no need for a board” (CGPOG, large multinational oil and gas firm).

Equally interviewees link their board functionality to a positive firm performance. However interviewee CGPAIN1 hinted that it is the representation of directors from various ministries, which helps link the firm to important government agencies, which enhances a positive firm performance. However, the CEO from the banking sector who reported of a majority shareholder oriented board reported a negative effect of the board and on the banks performance. He accounted that;

“ ... the board has been existing for the past years but today, the non-performing loans of the corporation is so disproportionate... there are many files(loans) that the board definitely approve that are nonperforming today, it would be in my own situation the board acts negatively, impacts negatively on the life of the corporation” (CGPBI, large privately owned national bank).

According to this CEO, because the board approved loans, which management considered and a few directors representing minority shareholders considered risky, but because it was in the interest of majority shareholders, it was approved by the board and has become a serious problem to the organisation survival thus impacting negatively on the banks performance. This view of negative performance was echoed by another director who reported that the board is a creation by law and thus only come in to adopt budgets and check accounts as stipulated by law, which in her opinion, the lack of critical and strategic orientation of the board affects the performance of the company negatively.

From a neutral position, some directors also reported that the board has a neutral influence on the performance of the company since they don't take part in the day to day running of the firm.

“Board members are not actually executive management so in no way do they actually influence the day to day management of the bank. They set up the strategy that is passed on to the executive management and the executive management now have to implement the strategy ...that is what influences performance” (CGPB2, privately owned medium size national banking institution).

Another director from a multinational banking institution who opines that board composition also supported the response by the latter interviewee and functions reflect the efficiency of the board but actual performance of the firm is attributed to management implementation of the board's decisions.

CHAPTER 5

SUMMARY AND CONCLUSION

5.0 Introduction

This chapter summarises the research findings in both the quantitative and qualitative interpretations in relation to the research objectives. It will also present the conclusions arrived at vis-à-vis the research questions established in the introductory section of this research. Section one discusses the key findings of the study, while the subsequent, i.e. sections two and three will present the implications and limitations of the research findings and opportunity for future research respectively.

5.1 Summary of Findings

Following a review of extant literature on CG, it was evident that that prior research has predominantly been quantitative in nature. The review empirical literature showed mixed results about CG and firm performance nexus. It also indicates that very limited investigation has been conducted within emerging African economies. In addition, there is an almost absence of research to understand the role of corporate boards in Africa. With this in mind, this study was geared at conducting an explanatory research on CG and role of boards in Cameroon. The key question in this research was to understand the role of BODs by identifying the role of board as advocated by four CG theories and tests the best explanatory capabilities in the Cameroonian context. To be able to achieve this objective, three sub research questions to guide the investigation where developed by the researcher.

5.1.1 Research Question I- Wider perspective of CG

The first research question was aimed at contextualising CG in Cameroon. To be able to achieve this, the researcher collected rich interview data on the perception of executive directors relating to the meaning of CG, CG implementation process in Cameroon and CG and regulations in Cameroon. Evidence from participants revealed that; there were varied meanings attached to CG, which sometimes depend on the sectors to which the respondents are coming from. Though all participants echoed CG to be rules to control management, respondents from the banking sector viewed CG from an internal perspective as rules to protect shareholders interest while respondents

from other sectors view CG from both internal and external perspective as rules to safeguard the interest of not only the shareholders but those of other stakeholders.

Regarding CG implementation process, there was a general consensus that CG practices in Cameroon is very much nascent, which needs careful attention if the country is to meet its goal of becoming an emerging middle income economy by 2035 (as discussed in chapter I, pp, 6). However, it was also revealed that different ownership structures, sectors and internalisation of firms have different level of implementation. Financial sector and multinational firms are seen to practice good CG while state owned firms are seen to lack accountability and transparency.

Concerning CG regulations, similar to CG process, interviewee accounts indicated that the application of regulatory guidelines differs between sectors, ownership and internationalisation of the firm. Banking sector firms are more regulated than firms from other sectors. Local firms apply local CG guidelines while multinational apply both local CG guidelines and CG guidelines from the country of parent company. State owned firms follow CG guidelines as stipulated by the government 1999 law and general business law (OHADA) governing all firms in Cameroon. The most important revelation the researcher gathered from interviewee account was that CG does not have its own drive, thus corporate executive adhere to CG laws as part of the business law without which majority of firms will not comply with CG. Therefore in order for CG to be effective in Cameroon, there is a need to make CG very visible within Cameroon.

5.1.2 Research Question II- Role of Board of Directors

Research question II captured the main objective of this research which was to understand the role of BODs as derived from CG theories. Evidence from quantitative regression analysis indicated that boards in Cameroon perform multiple roles as identified by the various theories of CG. However, board resource or networking was highlighted to be the most important role performed by BODs in Cameroon, followed by strategic control, behavioural control, strategic participation, output control, and stakeholder task.

With regards to agency control, three roles were identified (strategic, behavioural and output control). Regression results showed that BODs are committed to providing the various control functions as identified in agency theory. However, strategic control was the most important control role performed by boards in Cameroon. Participants and interviewee accounts supported the regression results with most participants defining their board role within the control of management budget, strategy and behaviour. However, the interview results indicated that the principal –agent relationship of the Anglo-American CG model is not absolutely supported within the Cameroon context. Whereas the model assumes problem between shareholders and management, it fails to recognise other serious relationships such as principal-principal conflict whereby minority shareholders are been marginalised by majority shareholders. This finding is consistent with Morck *et al.*, (2005); Young *et al.*, (2008) who reported that, in developing economies where the institutional context makes the enforcement of agency contracts more problematic and costly, coupled with the absence of external governance mechanism, there is frequently serious conflicts between controlling shareholders and minority shareholders (principal-principal conflict) .Hence there a need for stronger regulations for the protection of minority shareholders without which the dual agency problems arise with the potential for serious principal-principal conflicts

Similar to board control role, board service role as advocated by stewardship theory was another important role which executive directors identified as the function of their boards both in the quantitative and qualitative results. It was evident from the results that BODs are committed in providing support, advice and strategic direction to management. Interview results provided more clarity to the service role of boards as directors revealed that their boards are part of management strategic decision-making and implementation.

With regards to board resource role opined by RDT, quantitative results showed that this was the most important function BODs in Cameroon are committed to perform. Interviewee account also indicates this trend. Directors accounted how the expertise and technical competence and network of their board members enable the company to benefit from external resources.

Finally, the stakeholder role of boards was also seen to be performed by directors in Cameroon in the quantitative results. Interviewing accounts revealed that in addition to the other roles performed by boards, the board ensures that the expectations of interested parties in a firm are met.

The findings within board role in this research are consistent with studies which discovered that boards do not only perform a particular role in isolation of the other (Minichilli *et al.*, 2009; Kula; 2005; Zattoni and Zona, 2007). The results of the board process attribute which identified characteristics inherent in director's role also showed that board in Cameroon perform a multiplicity of functions as the need arises. Though respondent's accounts in the interview analysis were explained in relation to the various theoretical patterns, none of the interviewees revealed that his/her board limits its activities to a particular function. They all revealed a multiplicity of functions the board as needed.

5.1.3 Research Question III- Role of Board of Directors and Firm Performance

While prior research in CG has mainly used profitability, and, other market and accounting related measures such as ROE, ROA, EBIT, to gauge performance. In this study, the researcher used qualitative results based on director's accounts and the results indicated that; the board functions have positive, negative and neutral effect on firm performance. Though to an extent this research is consistent with prior research findings results of CG and firm performance from quantitative findings, the results of this study goes deeper and provides an understanding on why this is so. These results pointed to the fact that, board roles' depending on how it is executed does affect performance of firms. However, boards that perform various roles have a positive effect on firm performance but boards that are majority shareholder oriented and take majority shareholder desired decisions have detrimental effect on the firms' survival.

5.2 Implications of Findings

The findings for this study have both practical and academic implications. Firstly, the research contributes to the limited literature on role of board of directors in Africa (see chapter II, pp.20). Secondly, this study contributes to the development of CG investigation through mixed method research and thus answers to the call for mixed method research to help in understanding CG issues (Huse *et al.*, 2009; Zattoni *et al.*,

2013). Furthermore, the study challenged reliance of agency theory as the key theoretical approach in understanding CG issues and highlighted the fact that in emerging economies, a multi-theoretical approach is needed to understand CG (see chapter II, pp.11) (Young *et al.*, 2008). Even within agency theory, this study exposes the fact that though agency theory is relevant in understanding principal-agent relationship, in emerging markets which are characterised by absence of external governance mechanism, there is frequently serious conflicts between controlling shareholders and minority shareholders which breeds other conflicts such as principal-principal conflict. In addition, this study challenges orthodox CG and performance nexus especially in Africa and highlight the need for CG scholars to return to the basics by understanding the behavioural aspects of boards if they are to make relevant meaning of CG and performance nexus. To the best of my knowledge, this study is the first of its kind to explore the role of board of directors in Africa and to have engaged in a purely mixed method research. Overall, this research shows that the predictors specifically board commitment has a higher explanatory capability of board role than critical debate.

Similarly, the findings of this study have some practical and policy implications. As the fight against corruption in Cameroon has been echoed as a pre-requisite for an effective implementation of the strategy meant to transform the country into an emerging economy by 2035, this research highlights this need and goes further to call for a separate CG impetus in Cameroon if the country is to ensure accountability and transparency in the way firms operate. In order for CG to be effective in Cameroon, there is a need to make CG very visible. Secondly, this study points to the fact that, Cameroon as a developing country with concentration of ownership in some firms, there is a need to protect minority shareholders as control is mostly in the hands of majority shareholders. In addition, to ensure effectiveness of firms in Cameroon, owners of firms should hire directors who understand risk so that while they control management, they can effectively and efficiently contribute towards firm's strategy and direction towards a superior firm performance. The study also suggest that , it is important for BODs to carefully consider the importance of creating a process oriented boardroom culture which encourages members commitment to board activities (Minichilli *et al.*,2009; Forbes and Milliken,1999). Consistent with past studies, these results indicates that creating an internal culture favouring active

behaviours of board members is a key element for board effectiveness which serves the firm better (Finkelstein and Mooney, 2003; Stiles and Taylor, 2001; Minichilli *et al.*, 2009).

5.3 Limitations of the Study and Suggestions for Future Research

Similar to any social science research, this study also suffers from some limitations. Firstly, though the study provides some preliminary insights on how boards in Cameroon function, the choice of a single respondent being an executive director may imply the risk that these directors can provide idealized version of events. However as Minichilli *et al.*, (2009) noted, the use of multiple respondents does have its limitations, and is to be expected to produce even more biases.

Finally, this study opens opportunity for prospective research in this area. First, this research had a limited sample size in the survey. This could have a possible impact on the research outcomes; hence there is a need for this study to be tested in a larger sample size. In addition, this results need to be further tested and explored in other African institutional settings or with respect to other classes of firms e.g. SME and or Micro Finance settings. In addition, this study adopted a cross-sectional research design, which may undermine board dynamic forces. Future longitudinal studies might improve our knowledge of board roles and it effect on performance in an African context. More so, as this study is the first of its kind to be conducted in an African context, future research should aim at understanding such board behavioural patterns and it effect on performance. Moreover, this research opens up opportunities for future research in CG using mixed method approach. Future research aimed at understanding interactions inside the boardroom should investigate the impact of context and processes on board role performance (Minichilli *et al.*, 2009).

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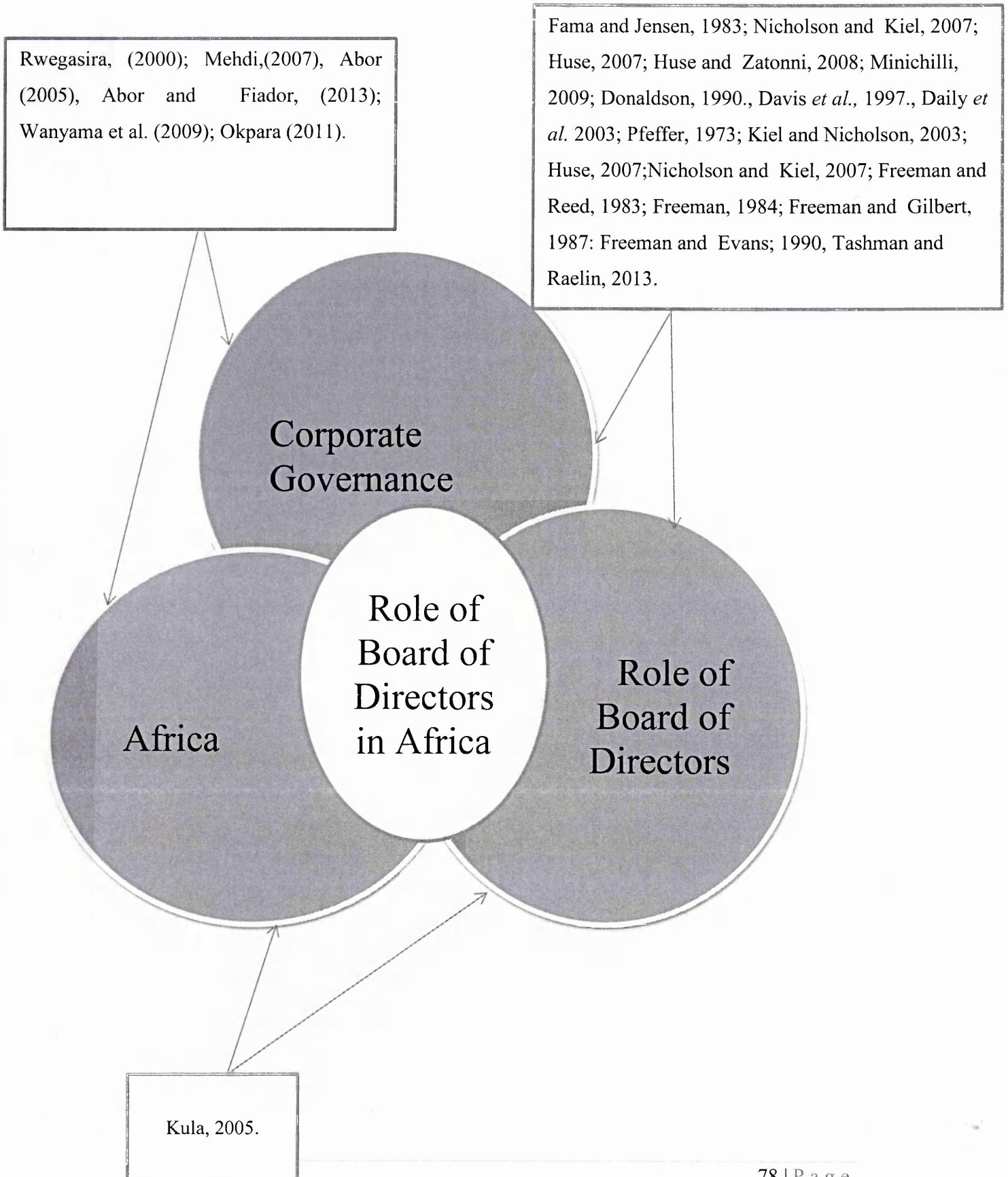
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APPENDICE

Appendix I: Figure 2- Literature Map



Appendix II: Table 6 - Factors of Board Task

| Factors | Factor loads | Cronbach Alpha | KMO Test | Eigen value | Percentage Variance explained |
|--|--------------|----------------|----------|-------------|-------------------------------|
| <i>Behavioural control</i> | | 0.71 | 0.63 | 2.16 | 53.94 |
| The board is actively involved in monitoring management behaviours | 0.76 | | | | |
| The board is actively involved in defining the activities of the CEO, divisional and functional managers | 0.73 | | | | |
| The board is actively involved in supervising the CEO/MD/GM | 0.76 | | | | |
| The Board is accountable to the company's shareholders | 0.68 | | | | |
| <i>Output Control</i> | | 0.61 | 0.65 | 1.87 | 46.81 |
| The board ensures that the activities of management are in line with organizational goals. | .793 | | | | |
| The board evaluates and approve management plans and budgets | .505 | | | | |
| The board is kept informed of the financial position of the company | .792 | | | | |
| The board is sufficiently briefed by top management. | .601 | | | | |
| <i>Advisory</i> | | 0.77 | 0.77 | 2.65 | 52.97 |
| The board contributes and advises on management issues | .614 | | | | |
| The board advises top management on financial issues | .768 | | | | |
| The board advise management on technical issues | .830 | | | | |
| The board contributes and collaborates with management on market issues | .673 | | | | |
| The board contributes and advises management on legal issues and taxation | .734 | | | | |
| <i>Strategic Participation</i> | | 0.90 | 0.72 | 2.51 | 83.61 |
| The Board is actively involved in promoting strategic initiatives both inside and outside the company | 0.94 | | | | |
| The board is actively involved in the long-term strategic decision-making of the company | 0.89 | | | | |
| The board is actively involved in implementing long-term strategic decisions | 0.91 | | | | |
| <i>Networking</i> | | 0.82 | 0.71 | 2.22 | 74.04 |
| The board provides linkages to important external stakeholders | .877 | | | | |
| The board provides the firm with external legitimacy contributes towards sustaining its reputation | .821 | | | | |
| The Board gathers outside information for the company | .882 | | | | |
| <i>Stakeholder Task</i> | | 0.71 | 0.73 | 2.39 | 47.87 |
| The board considers the interest of other stakeholders in its strategic decision making | .762 | | | | |
| The board provides the company with legitimacy in its dealing with key stakeholders | .511 | | | | |
| The board prioritize among stakeholder groups and allocate rights and responsibilities among them accordingly | .757 | | | | |
| The board ensures the satisfaction of all the company's stakeholders | .750 | | | | |
| The Board provides leadership by actively involving stakeholders in the decision making process of the company | .644 | | | | |

Notes: Principal Component Analysis with Varimax rotation with Kaiser Normalization. N=31



Appendix III-Table 7 : Directors Demography and Experience

DIRCTORS GENDER

| | Frequency | Percent | Valid Percent | Cumulative Percent |
|--------|-----------|---------|---------------|-----------------------|
| Female | 7 | 22.6 | 22.6 | 22.6 |
| Male | 24 | 77.4 | 77.4 | 100.0 |
| Total | 31 | 100.0 | 100.0 | |

DIRECTORS AGE

| | Frequency | Percent | Valid Percent | Cumulative Percent |
|-------|-----------|---------|---------------|-----------------------|
| 20-30 | 4 | 12.9 | 12.9 | 12.9 |
| 31-40 | 8 | 25.8 | 25.8 | 38.7 |
| 41-50 | 9 | 29.0 | 29.0 | 67.7 |
| 51-60 | 10 | 32.3 | 32.3 | 100.0 |
| Total | 31 | 100.0 | 100.0 | |

DIRECTORS LONGETIVITY IN THE COMPANY

| | Frequency | Percent | Valid Percent | Cumulative Percent |
|-------|-----------|---------|---------------|-----------------------|
| > 20 | 5 | 16.1 | 16.1 | 16.1 |
| 0-5 | 13 | 41.9 | 41.9 | 58.1 |
| 16-20 | 4 | 12.9 | 12.9 | 71.0 |
| 6-15 | 9 | 29.0 | 29.0 | 100.0 |
| Total | 31 | 100.0 | 100.0 | |

LONGETIVITY AS A DIRECTOR

| | Frequency | Percent | Valid Percent | Cumulative Percent |
|-------|-----------|---------|---------------|-----------------------|
| +20 | 2 | 6.5 | 6.5 | 6.5 |
| 0-5 | 18 | 58.1 | 58.1 | 64.5 |
| 16-20 | 1 | 3.2 | 3.2 | 67.7 |
| 6-15 | 10 | 32.3 | 32.3 | 100.0 |
| Total | 31 | 100.0 | 100.0 | |

DIRECTORS INTERLOCK

| | Frequency | Percent | Valid Percent | Cumulative Percent |
|-------|-----------|---------|---------------|-----------------------|
| No | 23 | 74.2 | 74.2 | 74.2 |
| Yes | 8 | 25.8 | 25.8 | 100.0 |
| Total | 31 | 100.0 | 100.0 | |

DIRECTORS EDUCATION

| | Frequency | Percent | Valid Percent | Cumulative Percent |
|---------------------------------------|-----------|---------|---------------|-----------------------|
| Below Undergraduate Degree | 3 | 9.7 | 9.7 | 9.7 |
| Undergraduate Degree | 10 | 32.3 | 32.3 | 41.9 |
| Master's Degree | 11 | 35.5 | 35.5 | 77.4 |
| Doctorate Degree/PhD/DBA | 2 | 6.5 | 6.5 | 83.9 |
| Professional/Vocational Qualification | 1 | 3.2 | 3.2 | 87.1 |
| Other Qualifications | 4 | 12.9 | 12.9 | 100.0 |
| Total | 31 | 100.0 | 100.0 | |

Appendix IV: Table 8- Board Process Attribute Factors

| Factors | Factor loads | Cronbach Alpha | Eigen value | Percentage variance explained | Cumulative percentage variance |
|--|--------------|----------------|-------------|-------------------------------|--------------------------------|
| <i>Factor 1: Strategic Focus, Efficiency and Access to Information</i> | | 0.842 | 5.334 | 31.377 | 31.377 |
| Board promotes strategic initiative in and out of the firm. | .948 | | | | |
| Board involves in the long term strategic decision of the firm. | .832 | | | | |
| Board involves in the implementation of long term strategic decisions of the firm. | .770 | | | | |
| Board provides external legitimacy. | .552 | | | | |
| Board provides firm with legitimacy in dealing with key stakeholders. | .431 | | | | |
| <i>Factor 2: Internal Focus, Internal Efficiency and Consistency.</i> | | 0.75 | 2.381 | 14.005 | 45.382 |
| Board contributes and advices on management issues. | .681 | | | | |
| Board advices on legal and taxation issues. | .596 | | | | |
| Board is sufficient brief by TMT. | .568 | | | | |
| Board monitors management behaviour. | .542 | | | | |
| Board advices TMT on financial issues. | .422 | | | | |
| Board defines the activities of TMT. | .413 | | | | |
| <i>Factor 3: Performance Evaluation</i> | | 0.936 | 1.634 | 9.609 | 54.991 |
| Board is kept informed of the financial position of the firm. | .948 | | | | |
| Board is accountable to shareholders. | .882 | | | | |
| <i>Factor 4: External Focus and Fiduciary Responsibilities</i> | | .755 | 1.422 | 8.362 | 63.353 |
| Board prioritizes amongst stakeholder groups. | .808 | | | | |
| Board ensures the satisfaction of all the firms' stakeholders. | .574 | | | | |
| Board collaborate with TMT on market issues. | .569 | | | | |
| Board considers the interest of all stakeholder in its decision making process. | .525 | | | | |

Appendix V: Table 9- Descriptive Statistics for Board Function Items

| Statement about board Function | Source | Mean | Median | Mode | SD |
|--|--------------------------------|------|--------|----------------|------|
| The board is sufficiently briefed by top management. | Minichili <i>et al.</i> , 2009 | 4.6 | 5 | 5 | 0.72 |
| The board is kept informed of the financial position of the company | Minichili <i>et al.</i> , 2009 | 4.6 | 5 | 5 | 0.81 |
| The board evaluates and approve management plans and budgets | Minichili <i>et al.</i> , 2009 | 4.6 | 5 | 5 | 0.67 |
| The Board is accountable to the company's shareholders | Kula,2005 | 4.5 | 5 | 5 | 0.81 |
| The board ensures that the activities of management are in line with organizational goals. | Minichili <i>et al.</i> , 2009 | 4.4 | 4 | 5 | 0.62 |
| The board actively monitors and evaluates the strategic decisions taken by management | Minichili <i>et al.</i> , 2009 | 4.3 | 4 | 4 | 0.54 |
| The board is actively involved in monitoring management behaviours | Minichili <i>et al.</i> , 2009 | 4.3 | 4 | 4 | 0.82 |
| The board is actively involved in supervising the CEO/MD/GM | Minichili <i>et al.</i> , 2009 | 4.2 | 4 | 4 ^a | 0.93 |
| The board considers the interest of other stakeholders in its strategic decision making | Researcher | 4.1 | 4 | 4 | 0.87 |
| The board is actively involved in the long-term strategic decision-making of the company | Minichili <i>et al.</i> , 2009 | 4.1 | 4 | 4 ^a | 1.15 |
| The board provides the company with legitimacy in its dealing with key stakeholders | Researcher | 4.0 | 4 | 4 | 1.05 |
| The board is actively involved in defining the activities of the CEO, divisional and functional managers | Minichili <i>et al.</i> , 2009 | 3.9 | 4 | 4 | 1.08 |
| The board contributes and advises on management issues | Minichili <i>et al.</i> , 2009 | 3.8 | 4 | 4 | 1.01 |
| The Board is actively involved in promoting strategic initiatives both inside and outside the company | Minichili <i>et al.</i> , 2009 | 3.7 | 4 | 4 | 1.13 |
| The board provides the firm with external legitimacy contributes towards sustaining its reputation | Minichili <i>et al.</i> , 2009 | 3.7 | 4 | 4 | 1.25 |
| The board ensures the satisfaction of all the company's stakeholders | Researcher | 3.6 | 4 | 4 | 1.15 |
| The board is actively involved in implementing long-term strategic decisions | Minichili <i>et al.</i> , 2009 | 3.6 | 4 | 4 ^a | 1.43 |
| The board contributes and collaborates with management on market issues | Minichili <i>et al.</i> , 2009 | 3.6 | 4 | 4 | 1.23 |
| The board advises top management on financial issues | Minichili <i>et al.</i> , 2009 | 3.5 | 4 | 4 | 1.29 |
| The board provides linkages to important external stakeholders | Researcher | 3.4 | 4 | 4 | 1.34 |
| The board prioritize among stakeholder groups and allocate rights and responsibilities among them accordingly | Researcher | 3.4 | 3 | 4 | 0.92 |
| The board contributes and advises management on legal issues and taxation | Minichili <i>et al.</i> , 2009 | 3.3 | 4 | 4 | 1.34 |
| The Board provides leadership by actively involving stakeholders in the decision making process of the company | Kula,2005 | 3.2 | 3 | 4 | 1.16 |
| The Board gathers outside information for the company | Minichili <i>et al.</i> , 2009 | 3.0 | 3 | 4 | 1.48 |
| The board advise management on technical issues | Minichili <i>et al.</i> , 2009 | 2.9 | 3 | 2 | 1.27 |

Note:

a. Multiple modes exist. The smallest value is shown

The descriptive statistics are connected with the various scores obtained through an assessment of each statement by executive directors on a five-point scale from 1 = "strongly disagree" to 5 = "strongly agree". The maximum and minimum values are 5 and 1, respectively, for each statement.



Appendix VI: Table 10 - Correlation Results

| | Strategic Control | Output Control | Behavioural Control | Advise | Network | Stakeholder | Commitment | Critical Debate | Interlock | Regulation | Strategic Participation | Strategic focus, efficiency and access to information. | Internal focus, internal efficiency and consistency | Performance evaluation | External focus and fiduciary responsibilities |
|--|-------------------|----------------|---------------------|--------|---------|-------------|------------|-----------------|-----------|------------|-------------------------|--|---|------------------------|---|
| Strategic Control | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Output Control | .398* | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Behavioural Control | .620** | .663** | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Advise | .371* | .454* | .619** | - | - | - | - | - | - | - | - | - | - | - | - |
| Network | .598** | .231 | .485** | .636** | - | - | - | - | - | - | - | - | - | - | - |
| Stakeholder | .316 | .262 | .453* | .636** | .484** | - | - | - | - | - | - | - | - | - | - |
| Commitment | .572** | .395* | .426* | .508** | .619** | .305 | - | - | - | - | - | - | - | - | - |
| Critical Debate | -.016 | -.161 | -.019 | -.069 | -.052 | .073 | -.171 | - | - | - | - | - | - | - | - |
| Interlock | -.080 | .028 | -.069 | .017 | -.038 | -.139 | .003 | -.385* | - | - | - | - | - | - | - |
| Regulation | -.029 | .014 | -.264 | -.219 | .001 | .041 | .064 | .042 | -.092 | - | - | - | - | - | - |
| Strategic Participation | .540** | .319 | .359* | .395* | .601** | .328 | .400* | -.134 | -.189 | .057 | - | - | - | - | - |
| Strategic focus efficiency and access to information | .551** | .294 | .318 | .434* | .729** | .428* | .476** | -.072 | -.202 | .138 | .957** | - | - | - | - |
| Internal focus, internal efficiency and consistency | .478** | .585** | .834** | .867** | .593** | .499** | .404* | .040 | -.093 | -.229 | .340 | 0.35 | - | - | - |
| Performance evaluation | .367* | .761** | .670** | .327 | .114 | .239 | .402* | -.152 | .071 | .016 | .208 | 0.16 | .420* | - | - |
| External focus and fiduciary responsibilities | .325 | .304 | .462** | .650** | .544** | .893** | .356* | -.143 | .026 | .063 | .346 | .417* | .465** | 0.26 | - |

Note: Pearson correlation, *significant at the 0.05 level (2-tailed). ** Significant at the 0.01 level (2-tailed); N=31

Appendix VII – HREC Ethics Approval Memorandum



The Open University

From Dr Duncan Banks
Chair, The Open University Human Research Ethics Committee
Email duncan.banks@open.ac.uk
Extension 59198

To Geofry Areneke, FBL

Subject *"The Role of Board of Directors in Corporate Governance in Africa: Myth & Reality: Evidence from Cameroon."*

Ref HREC/2014/1673/Areneke/1

AMS/RED

Submitted 25 March 2014

Date 26 March 2014

Memorandum

This memorandum is to confirm that the research protocol for the above-named research project, as submitted for ethics review, has been given a favourable opinion by the Open University Human Research Ethics Committee by Chair's action as it is thought to be low risk. There is one condition attached to this form;

You will need to provide evidence that the director of individual companies are happy for you to carry out the research on or about their premises.

Please make sure that any question(s) relating to your application and approval are sent to Research-REC-Review@open.ac.uk quoting the HREC reference number above. We will endeavour to respond as quickly as possible so that your research is not delayed in any way.

At the conclusion of your project, by the date that you stated in your application, the Committee would like to receive a summary report on the progress of this project, any ethical issues that have arisen and how they have been dealt with.

Regards,

Dr Duncan Banks
Chair OU HREC

Appendix VIII - Research Project Information and Consent Form



The Open
University

Business School

The Open University
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Walton Hall
Milton Keynes
United Kingdom
MK7 6AA

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www.open.ac.uk/oubs

Research Project Information and Consent Form

Project Title

The Role of Board of Directors in Corporate Governance in Africa; Myth & Reality: Evidence from Cameroon.

Name of the Researcher

Geofry Areneke– Master of Research Student (Business and Management), the Open University (UK).

Purpose of the Research

This research study is being conducted as part of the MRes programme, and thus its only purpose is to meet academic requirements. The main aim is to stimulate a richer and deeper understanding from research participants about the role of corporate board of directors in corporate governance in Cameroon. The data shall be collected using both questionnaires and semi-structured interviews with directors of companies across different sectors of the economy.

Duration of the Interview

The questionnaires will typically take a maximum of 15-30 to fill and the interviews are expected to last for approximately 30 minutes to one hour. However, most participants will have to fill only the questionnaire.

Benefits to the Participants

As the research is a pilot to the future PhD study, at the moment there are no immediate benefits for the research participants, however a summarised copy of the research report shall be provided to the participants on completion of the final report if they so desire. It is expected the results of this study will help to add to and encourage high quality research in the area of corporate governance and help enhance and promote interesting debates between practitioners, academics and policy makers, and consequent assist in the adoption of good corporate governance standards especially in Africa.

Risks to the Participants

Given the level of the research, participants involved in the study will face a very minimal level of risks, and they will not encounter any risks that might exceed the risks that they encounter in their daily routines. However, the researcher shall take due care to protect participants from all types of psychological distress or any physical risks.



The Open University is incorporated by Royal Charter (RC 000891), an exempt charity in England & Wales and a charity registered in Scotland (SC 025902)

Confidentiality and Data Protection

The researcher will take every possible safety measure to uphold the confidentiality and anonymity of the research participants' data and identities. Any data collected from the participants as a result of the research will be used solely for the purpose of the research and with their permission. Should any participant disagree to the use of any piece of the information provided by him/her for research purpose, such data will not be used. For the questionnaire, respondent names will not be obtained during any phase of the research process. Each questionnaire will have an Identification number for each respondent and the data obtained will be destroyed when the study is completed.

The interviews will be tape recorded and transcribed by the researcher later on. The researcher will also take all possible actions to protect the data collected from any unauthorised access, accidental disclosure, loss or destruction. The researcher shall keep the data under password protected storage. The audio data will be stored on the more secure Open University's servers where it will be accessible to the researcher only. The data shall not be kept with the researcher longer than required, and will be destroyed once this research project is completed and the dissertation has been submitted to the research school.

For the benefit of participants, no personal information will be required in writing or any other stage of this research and thus, the names of the participants and their institutions shall be kept confidential and will be coded and pseudonyms such as Executive 1 or Non-Executive 1 etc. shall be used to denote the individuals who participate in the interviews. Other pseudonyms such as financial service or Oil and Gas sector shall also be used to denote the institutions. For purposes of this research, the researcher shall dutifully adhere to the provisions contained in the Data Protection and Freedom of Information Act, The Open University Code of Practice for Research and Those Conducting Research, the Ethics Principles for Research involving Human Participants, and the Economic and Social Research Council's Framework for Research Ethics. Therefore, data protection and confidentiality shall be maintained in strict accordance with the guidelines detailed herewith. The results of the data shall be disseminated in the form of dissertation report and, possibly as an article for presentation at an academic conference or for publication in an academic journal.

Costs and Compensation

This research project is fully-funded by The Open University (UK), and will be pursued for the purpose of completing the Master of Research dissertation module. The research participant therefore, shall not be obliged to bear any extra costs during the research process. The researcher shall approach the participant at his/her through email and at place of work.

Voluntary Nature of Participation

Participation in the research process is voluntary and a participant has every right to refuse participation. In case of agreement to participation, the respondent has the right to withdraw his/her participation before all the research data are analysed and final results are concluded.

Contact Details

In case of any queries regarding this research project, please feel free to contact me or any of my supervisors at The Open University.

Geofry Areneke (Researcher) Tel: UK +44 (0)1908 858983, Cameroon +237 75591491 E-mails: Geofry.Areneke@open.ac.uk

Dr. Devendra Kodwani (Lead Supervisor) Tel: UK +44 (0) 1908 655859
E-mail: dk2567@openmail.open.ac.uk

Dr. Howard Viney (Supervisor) Tel: UK +44 (0) 1908 654599 E-mail:
hv74@openmail.open.ac.uk

Participation Agreement

I _____ have had the opportunity to read this **information and consent form**, ask questions where necessary and agreed to participate in this research project. I have been informed about the purpose, duration, risks, and benefits of the project. I have also been assured about the confidentiality of the information, and that research data will be confidential to the extent allowed by law, and thus shall remain secure and only used for academic purposes including writing research article in an academic journal. I have also been informed that I have the right to withdraw from participation before all the research data are analysed and final results are concluded.

I understand that if I have any questions or concerns about this project, I can contact the researcher and/or his academic supervisors as listed above.

Participant’s Signature

Date

Researcher’s Signature

Date

Appendix IX - Questionnaire

RESEARCH ON THE ROLE OF BOARD OF DIRECTORS IN CAMEROON

This questionnaire is aimed at understanding the role of board of directors in companies in Cameroon. The Open University UK politely asks you to fill this questionnaire. The research wishes to use your opinion on how your board functions to help understand what board of directors in Cameroon do.

All responses are strictly confidential and participant's confidentiality and anonymity will be protected.

For further information, please contact the researcher. Name: GEOFRY ARENEKE

Email: geofry.areneke@open.ac.uk /Tel: (237) 75 59 14 91 /0044 7805 234 253

Demography and Experience

Q1 What is your gender? Male Female

Q2 which age brackets do you belong to?
20-30 31-40 41-50 51-60 Above 60

Q3 what is your highest level of education?
Below undergraduate degree Undergraduate Degree Masters Degree
Doctorate degree/PhD/DBA Professional/Vocational qualification
Other Please state _____

Q4 How long have you worked for this company?
0-5 years 6-15 years 16-20 years Above 20 years

Q5 How long have you been a director in this company?
0-5 years 6-15 years 16-20 years Above 20 years

Q6 Are you a director on the board of other companies? If yes please state the total number of companies where you are board director in the text box. If 'No' please go to the next question.

Yes. _____ No.

In the subsequent statements, 'Board' refers to the Board of Directors, which includes both Executive and Non- Executive directors. 'Top Management or Management ' refers to the Executive Directors of the company .i.e. those involved in the day to day running of the company including the CEO, MD, General Manager (GM), CFO, Branch Managers etc. Please provide your rating on how well your company's Board functions in relation to the following statements by selecting the rating – Strongly Agree (SA), Agree (A), Neither Agree Nor Disagree (N) Disagree (D) and Strongly Disagree (SD)– that best reflects your view of how well your current Board functions.

Board Behavioural Control.

Q7 The board is actively involved in monitoring management behaviours.

Strongly Disagree Disagree Neither Agree nor Disagree
 Agree Strongly Agree

Q8 The board is actively involved in defining the activities of the CEO, divisional and functional managers.

Strongly Disagree Disagree Neither Agree nor Disagree
 Agree Strongly Agree

Q9 The board is actively involved in supervising the CEO/MD/GM.

Strongly Disagree Disagree Neither Agree nor Disagree
 Agree Strongly Agree

Q10 The Board is accountable to the company's shareholders.

Strongly Disagree Disagree Neither Agree nor Disagree
 Agree Strongly Agree

Boards Output Control

Q11 The board ensures that the activities of management are in line with organizational goals.

Strongly Disagree Disagree Neither Agree nor Disagree
 Agree Strongly Agree

Q12 The board evaluates and approve management plans and budgets .

Strongly Disagree Disagree Neither Agree nor Disagree
Agree Strongly Agree

Q13 The board is kept informed of the financial position of the company.

Strongly Disagree Disagree Neither Agree nor Disagree
Agree Strongly Agree

Q14 The board is sufficiently briefed by top management.

Strongly Disagree Disagree Neither Agree nor Disagree
Agree Strongly Agree

Board Strategic Control

Q15 The board actively monitors and evaluates the strategic decisions taken by management.

Strongly Disagree Disagree Neither Agree nor Disagree
Agree Strongly Agree

Board Service Function

Q16 The board contributes and advises on management issues.

Strongly Disagree Disagree Neither Agree nor Disagree
Agree Strongly Agree

Q17 The board advises top management on financial issues.

Strongly Disagree Disagree Neither Agree nor Disagree
Agree Strongly Agree

Q18 The board advise management on technical issues (e.g new technology in the industry)

Strongly Disagree Disagree Neither Agree nor Disagree
Agree Strongly Agree

Q19 The board contributes and collaborates with management on market issues (e.g. market share, market opportunities).

Strongly Disagree Disagree Neither Agree nor Disagree
Agree Strongly Agree

Q20 The board contributes and advises management on legal issues and taxation.

Strongly Disagree Disagree Neither Agree nor Disagree
 Agree Strongly Agree

Board Networking Function

Q21 The board provides linkages to important external stakeholders (banks, financial institutions, customers, public authorities and so on)

Strongly Disagree Disagree Neither Agree nor Disagree
 Agree Strongly Agree

Q22 The board provides the firm with external legitimacy (perceived by those outside of the organizations) and contributes towards sustaining its reputation.

Strongly Disagree Disagree Neither Agree nor Disagree
 Agree Strongly Agree

Q23 The Board gathers outside information for the company e.g. competition, new technology, environmental concerns, government legislature etc.

Strongly Disagree Disagree Neither Agree nor Disagree
 Agree Strongly Agree

Board Strategic Participation.

Q24 The Board is actively involved in promoting strategic initiatives both inside and outside the company.

Strongly Disagree Disagree Neither Agree nor Disagree
 Agree Strongly Agree

Q25 The board is actively involved in the long-term strategic decision-making of the company.

Strongly Disagree Disagree Neither Agree nor Disagree
 Agree Strongly Agree

Q26 The board is actively involved in implementing long-term strategic decisions.

Strongly Disagree Disagree Neither Agree nor Disagree
 Agree Strongly Agree

Stakeholder Interest

Q27 The board considers the interest of other stakeholders (e.g. Customers, Employees, and Environmentalist) in its strategic decision making.

Strongly Disagree Disagree Neither Agree nor Disagree
 Agree Strongly Agree

Q28 The board provides the company with legitimacy (recognition and legality) in its dealing with key stakeholders (Customers, Suppliers, Employees, Environmentalist, Government).

Strongly Disagree Disagree Neither Agree nor Disagree
Agree Strongly Agree

Q29 The board prioritize among stakeholder groups and allocate rights and responsibilities among them accordingly.

Strongly Disagree Disagree Neither Agree nor Disagree
Agree Strongly Agree

Q30 The board ensure the satisfaction of all the company's stakeholders.

Strongly Disagree Disagree Neither Agree nor Disagree
Agree Strongly Agree

Q31 The Board provides leadership by actively involving stakeholders in the decision making process of the company.

Strongly Disagree Disagree Neither Agree nor Disagree
Agree Strongly Agree

In the subsequent statements, 'Directors' refers to both Executive and Non-Executive Directors.

Board Commitment

Q32 Directors examine information provided by management before board meetings.

Strongly Disagree Disagree Neither Agree nor Disagree
Agree Strongly Agree

Q33 Directors actively collect further information to supplement that supplied by managers.

Strongly Disagree Disagree Neither Agree nor Disagree
Agree Strongly Agree

Q34 Directors devote the necessary time to accomplish their tasks.

Strongly Disagree Disagree Neither Agree nor Disagree
Agree Strongly Agree

Q35 Directors make themselves available to fulfill board activities.

Strongly Disagree Disagree Neither Agree nor Disagree
Agree Strongly Agree

Q36 Directors more often than not attend board meetings.

Strongly Disagree Disagree Neither Agree nor Disagree
Agree Strongly Agree

Q37 Directors use their knowledge effectively as needed.

Strongly Disagree Disagree Neither Agree nor Disagree
Agree Strongly Agree

Q38 Directors ask useful questions about proposals advanced by management.

Strongly Disagree Disagree Neither Agree nor Disagree
Agree Strongly Agree

Q39 Directors raise critical points during meetings.

Strongly Disagree Disagree Neither Agree nor Disagree
Agree Strongly Agree

Q40 Directors come to board meetings well prepared.

Strongly Disagree Disagree Neither Agree nor Disagree
Agree Strongly Agree

Q41 Agendas of board meetings are well structured and organized.

Strongly Disagree Disagree Neither Agree nor Disagree
Agree Strongly Agree

Board Critical Debate

Q42 There is often conflicts and disagreements on the decisions to be taken during board meetings.

Strongly Disagree Disagree Neither Agree nor Disagree
Agree Strongly Agree

Q43 Debates and disagreements on the interest of stakeholders occur frequency in board meetings.

Strongly Disagree Disagree Neither Agree nor Disagree

Agree Strongly Agree

Q44 There is often conflict and disagreements on the general purpose of the company.

Strongly Disagree Disagree Neither Agree nor Disagree
Agree Strongly Agree

Q45 There are often conflicts and disagreements on how the board operates.

Strongly Disagree Disagree Neither Agree nor Disagree
Agree Strongly Agree

Q46 There are conflict and disagreements during the board decision making process.

Strongly Disagree Disagree Neither Agree nor Disagree
Agree Strongly Agree

Q47 There are conflicts and disagreements among directors.

Strongly Disagree Disagree Neither Agree nor Disagree
Agree Strongly Agree

Reflection

Q48 In your opinion, what role does the board perform in your organization _____

Q49 Has the questionnaire addressed all issues in respect to the role and performance of boards in your organization? Yes No Please provide further information in regards to your responds. _____

Q50 Will you like to participate in a follow up interview with the researcher? Yes No

Final , will you like to be informed of the findings of the research?

Yes. Please provide an email for a summary of the research to be sent to.

No

THANK YOU FOR YOUR PARTICIPATION

Appendix X- Interview Schedule

- I. What do you understand by corporate governance? From your point of view, what do you understand is corporate governance?
- II. How do you perceive the process of corporate governance in Cameroon?
- III. Does your board function following any corporate governance guidelines? For example the OHADA.
- IV. What is the most essential role(s) performed by your board?
- V. Does the way your board functions affect the performance of your organization? Performance in terms of profitability and or other performance criteria
- VI. Does your board size affect the performance of your company? Board size in terms of the number of board members.
- VII. Do your board members come to meeting prepared? Preparation relating to what to be discussed during board meetings.

Appendix XI: Table 11- Interviewee Details

| Interviewee | Organisation | Gender | Age | Current Position | Professional Qualifications | Experience as Director | Interlocks |
|-------------|--|--------|-----|---|---|------------------------|------------|
| CGPB1 | A large national banking institution | Male | 55 | CEO | Bachelor's Degree Background :Experience as CEO and consultant in banking | 3 Years | 0 |
| CGPAIN1 | A large national agroindustry organisation with the government as the major shareholder. | Male | 48 | CEO | Master's Degree Background : Civil engineering and agroindustry | 5 Years | 3 |
| CGPB2 | A medium size national Banking institution. | Male | 56 | Executive Director Audit and Internal Control | Bachelor's Degree/IFA Background : banking , credit, compliance and audit | 4 Years | 0 |
| CGPAIN3 | A large national agroindustry organisation with government, local and foreign ownership. | Male | 54 | CEO | Master's Degree Background: agroindustry | 10 Years | 0 |
| CGPT | A large local privately owned transportation company. | Male | 56 | CEO | Master's Degree Background : Transport, banking and insurance Board chairman in a banking and an insurance company | 12 years | 2 |
| CGAIN2 | A medium local agroindustry organisation with government ownership. | Female | 52 | Finance Director | Bachelor's Degree Background : banking | 16 Years | 1 |
| CGPB3 | Large multinational bank. | Male | 46 | Executive Director and Head of Finance and Administration | Bachelor's Degree/CPA Background : banking , Credit, Risk, Operations | 8 Years | 0 |
| CGPOG | Large multinational oil and gas company with both local private and foreign ownership. | Male | 42 | Executive Director | Master's Degree Background : Investment banking and oil and gas | 4 Year | 1 |