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Corporate Governance and Cooperative Societies: A Survey of Tertiary Institutions in Oyo, Nigeria

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Abstract

The cooperative movement, in recent times, appear to have started addressing the issue of corporate governance. Sequel to this development, some resources to promote good governance can reasonably be expected within the movement itself. This paper therefore was set out to examine whether lack of transparency is a feature of most cooperative societies, to ascertain whether the executives of cooperative societies show good commitment towards accountability and to assess the significance of members' participation in the democratic process giving room for the emergence of incompetent individuals on the executive and board of cooperatives in Nigeria. It was also meant to evaluate the need for cooperative societies to engage in sound internal control and risk management and to investigate whether weak corporate governance is solely responsible for the maladministration of cooperative societies in Nigeria. The source of data was primary and the five hypotheses formulated were tested using descriptive statistics and analysis of variance. Essentially, the study found that the executives of cooperative societies are not committed to transparency and accountability. The principal recommendations of the study are that the executives should demonstrate high level commitment towards the sustainability of cooperative societies and that these societies should embrace the principles of good corporate governance that is capable of fostering total accountability, adequate transparency, sound internal control and full disclosure of their activities.

Keywords: Cooperative Societies, Corporate Governance, Accountability, Sustainability, Internal Control, Transparency and Disclosure

1 Introduction

The cooperative movement has been fueled globally by ideas of economic democracy which is a socioeconomic philosophy that suggests an expansion of decision-making power from a small minority of corporate shareholders to a larger majority of public stakeholders. Shaw (2006) opines that as occurred elsewhere in the developing world, co-operatives across Africa were introduced by the colonial powers and typically, ignored existing social and economic structures, many of which were based on informal co-operative organizations, especially at the village level. Characterized as a partnership of individuals, as opposed to partnership of capital, cooperatives rely on voluntary and free association of individuals, democratic management, economic participation of members, and autonomy and independence as the basic principles for their management. Therefore, contrary to what occurs in large private companies, cooperatives are managed by their members, who are the "business owners': in a one-individual-one-vote basis, independently from the amount of the cooperative capital. Moreover, there is not the pursuit of profits and cooperative targets are long-term ones, since the main focus is serving the needs of the cooperative owners (Brasilia, 2008). The last major study of the co-operative sector in Africa was published over ten years ago and emphasized that government intervention had tended to reduce member participation and had prevented rural co-operatives from becoming commercially viable. The report called for changes in the legal framework and for donor support for capacity-building measures such as member education, staff training and management systems (Hussi, Murphy, Lindberg, & Brenneman,1993).

Corporate governance on the other hand, had its origins in the 19^{th} century arising in response to the separation of ownership and control following the formation of joint stock companies. The owners or shareholders of these companies, who were not involved in day-to-day operational issues, required assurances that those in control of the company, in particular the directors and managers, were safeguarding their investments and accurately reporting the financial outcome of their business activities. Thus, shareholders were the original focus of corporate governance. However, current thinking recognizes a company's or a bank's obligations to society, which includes all stakeholders. Since the latter part of 2001, the already lively debate on corporate governance became a more focused topic due to big corporate scandals like Enron, WorldCom and new laws like the Sarbanes – Oxley Act in the US were introduced to deal with such scandals in future.

According to Bond (2009), these corporate failures have revealed instances in which directors have, in fact, violated the trust of members and shareholders (U.S. Congress, Senate Report 107-70, "Power's Report", 2003). Perhaps the most damaging misrepresentations by board members occur when the "duty of care" is not exercised. The duty of care requires directors to act in good faith, apply their best judgment, and implicitly exercise due diligence. In the 2003 "Power's Report", Enron's board was accused of carrying out its duties in a cursory manner and of failing to safeguard Enron shareholders (U.S. Congress, 2003). The recent rash of corporate scandals has diminished investor confidence in boards of directors that are responsible for monitoring executive performance and representing the interests of shareholders (Kim & Nofsinger, 2005).1 In the aftermath of these incidents, investors are looking with renewed interest for ways to improve the accountability and effectiveness of corporate boards (Rauterkus, 2003). This expectation is not limited to the companies or corporations but also to all institutions and embraces all stakeholders, be it banks, finance companies, cooperative banks and even corporative societies to mention just a few.

1.1 *Issues at Stake*

Despite the existence of a considerable literature on co-operatives, all too frequently they remain poorly understood institutions (Cuevas & Fischer, 2006). Co-operatives have succeeded in being both familiar and yet little understood for the general public and the academic world alike. There are many reasons for this. All too frequently the co-operative sector has been viewed through the prism of a specific enterprise, institutional form or a single country. Many studies have failed to capture the heterogeneous and diverse nature of co-operatives and downplayed their position as part of a sector with global reach and frequently operating as part of a global movement (Shaw, 2006). The main problems addressed in corporative governance are similar to those faced by the majority of organizations - where there is no one single owner who is also in charge of executive management. In large organizations, there are managers that are not owners, or there is a plurality of owners with ability to influence and different interests. Cooperatives also feature specific issues associated to their governance (Brasilia, 2008).

Cuevas & Fischer (2006) identify the principal source of failure for Cooperative Financial Institutions (CFIs) as deriving from member/owner conflict with management. The growth of a cooperative inevitably expands (or dilutes) ownership and managers become subject to weaker controls. The development of managerial dominance within the cooperatives has been a strong theme within the literature on non –financial cooperatives as well. An influential model has linked cooperatives to a process of democratic degeneration. Meister (1984) identifies four stages in the internal transformation of democratic organizations into manager-led enterprises.This relates to the growth in size and complexity of the enterprise which enables management to take advantage of growing member apathy and distance from the original core cooperative values.

1.2 *Objectives of the Study*

This study is carried out to achieve the following objectives

(i) To examine whether lack of transparency is a feature of most cooperative in societies Nigeria

(ii) To determine whether the executives of cooperative societies show good commitment towards accountability

(iii) To assess the significance of members' participation in the democratic process giving room for the emergence of incompetent individuals on the executive and board of cooperatives in Nigeria

(iv) To evaluate the need for cooperative societies in Nigeria to engage in sound internal control and risk management

(v) To investigate whether corporate governance is solely responsible for the maladministration of . cooperative societies in Nigeria

2 Literature Review and Theoretical Framework

2.1 *Conceptual Clarifications*

A cooperative is a business organization owned and operated by a group of individuals for their mutual benefit (O'Sullivan & Sheffrin, 2003). A cooperative is a business owned and controlled by the people who use its services. They finance and operate the business or service for their mutual benefit. By working together, they can reach an objective that would be unattainable if acting alone. The purpose of the cooperative is to provide greater benefits to the members such as increasing individual income or enhancing a member's way of living by providing important needed services. The cooperative, for instance, may be the vehicle to obtaining improved markets or providing sources of supplies or other services otherwise unavailable if members acted alone (Proceedings Report, 2007).The unique characteristic that differentiates co-operatives from other enterprise structures is its dual nature: they are business enterprises based on a membership- owned model. The associate aspect of a co-operative takes place to pursue the social goals of its members. As such, co-operatives form an integral part of the private sector, pursuing successful commercial business practices based on the values of self-help, self-responsibility, *solidarity, and democracy.* In relation to other enterprise structures, co-operatives are an alternate way of doing business but at equally profitable levels.(Proceedings Report, 2007)

In Discussion Paper (2004), the vast amount of literature available on the subject ensures that there exist innumerable definitions of corporate governance. To get a fair view on this subject, it would be prudent to give a narrow as well as a broad definition of corporate governance. In a *narrow* sense, corporate governance involves a set of relationships amongst the company's management, its board of directors, its shareholders, its auditors and other stakeholders. These relationships, which involve various rules and incentives, provide the structure through which the objectives of the company are set, and the means of attaining these objectives as well as monitoring performance are determined. Thus, the key aspects of good corporate governance include transparency of corporate structures and operations; the accountability of managers and the boards to shareholders; and corporate responsibility towards stakeholders. In a *broader* sense, however, good corporate governance- the extent to which companies are run in an open and honest manner- is important for overall market confidence, the efficiency of capital allocation, the growth and development of countries' industrial bases, and ultimately the nations' overall wealth and welfare. It is important to note that in both the narrow as well as in the broad definitions, the concepts of disclosure and transparency occupy centre-stage. In the first instance, they create trust at the firm level among the suppliers of finance. In the second instance, they create overall confidence at the aggregate economy level. In both cases, they result in efficient allocation of capital.

According to Claessens (2003), corporate governance would include the relationship between shareholders creditors and corporations; between financial markets, institutions and corporations; and between employees and corporations. Corporate governance would also encompass the issue of corporate social responsibility, including such aspects as the dealings of the firm with respect to culture and the environment. One detailed definition of the concept is that used by the OECD, which is available on their website. The corporate governance structure specifies the distribution of rights and responsibilities among different participants in the corporation, such as, the board, managers, shareholders and other stakeholders, and spells out the rules and procedures for making decisions on corporate affairs. By doing this, it also provides the structure through which the company objectives are set, and means of attaining those objectives and monitoring performance. Put simply therefore, corporate governance concerns all the institutional structures that help to maximize efficiency, ie, legislation, company organizations, agreements, etc. A division is often made between internal and external control, as, for example, between legislative and capital market control. The organization of corporate governance is more widely concerned with ownership structures as a company's success is affected by the type of ownership structure and owners it has. (Pellervo, 2000)

The issues of corporate governance continue to attract considerable national and international attention. Corporate governance is about effective, transparent and accountable governance of affairs of an institution by its management including the board conduct. Governance of financial institutions should aim at protecting the interests of all stakeholders, i.e. shareholders, creditors, regulators, depositors and the public. Corporate governance is particularly important in countries where a number of financial failures, frauds and questionable business practices have adversely affected investor confidence. Investors as well as depositors want safety of their investments, deposits and funds, which need to be ensured by the management of a company, bank or financial organization entrusted with soliciting investments or deposits. In short, corporate governance is really about process, in particular, a decision-making process that (a) hold individuals accountable, (b) encourage stakeholder participation, (c) facilitate the flow of information, and (d) rely on open and clear rules that are fairly and uniformly enforced. It is not the policies and decisions themselves, but how polices and decisions are implemented.

2.2 *Literature Review*

Specific studies into corporate governance issues as they impact on co-operatives in the developing world are very few and this, of course, presents considerable difficulty in reaching *any definitive* conclusions. However there *are* some clear starting points for an analysis of the key issues which can be derived from existing studies of the co-operative sector in general, several useful case studies, and discussions with co-operative leaders from the developing world. Given the nature of the evidence, and the general characteristics of co-operatives in the developing world, a region by region approach has been adopted (Shaw, 2006). According to Brasilia (2008), the use of good practices of governance has proved to be fundamental in the success and perenniality of organizations, mainly in what regards security and returns to members. In congruence with this line of thought and with the increasing recognition that corporate governance is a critical element for sustainable economic growth, a working meeting was organized in London in on February 8, 2007. The participant met with an agenda; to build consensus on the corporate governance priorities and technical assistance needs of co-operatives in developing countries.

Brasilia (2008) also observes that every type of organization, not limited to private companies, may benefit from advancements in the field of governance. Indeed, international organizations have taken the lead in disseminating governance practices in organizations such as pension funds, state-owned companies, and cooperatives. As in the majority of contemporary organizations, these also exhibit a set of owners or financers and a set of managers - either owners or otherwise. Accommodating the interests involved, streamlining differences between expectations of groups of owners and guiding and monitoring the managers are the main concerns of governance in organizations. A well-developed system of governance yields more transparent relations, reducing several risks and improving security in all organizations of the system. Brasilia (2008) further contends that with the severance between business ownership and management, issues of governance start arising, involving alignment of interest of the parties, motivation, asymmetry of information and risk propensity. The main function of corporative governance practices is to ensure that executives pursue the goals determined either by owners or by those responsible for strategic decisions, and not their own goals. In order to avoid these problems - described in the literature as agency problems, individuals in charge of preparing and conducting strategic issues shall monitor the behaviour of those who carry out, exemplified by a Board of Administration, monitoring the management and requiring transparency in information and accountability.
Pallervo (2000) notes that in deciding upon the composition of the board, *the members of a cooperative should pay particular attention as to who is appointed chairperson.* The qualities of a good chairperson should- include enjoying the widespread confidence of the owners and the necessary respect both within and outside the board. The board and particularly its chairperson, should have the know-how and experience that gives authority vis-à-vis the chief executive. Although members of the board are expected to have a reasonable ability to interpret statistical information relating to the company, they are not expected to be concerned with its day-to-day operations. On the other hand, the board should have the resources to use outside experts when necessary. The attributes of board members can be listed as follows:

(i) Foresight and extensive knowledge
(ii) Criticality, independent judgement and autonomy
(iii) Cooperative
(iv) Diligence and time-effective
(v) Specialized know-how in some part area.

The result of a research carried out by Leuven University in Belgium further reveals the renaissance being experienced by the co-operative movement in Africa, as displayed in the table below. In addition, the development from the Peer-Review Workshop, held on February 2007, in London, is very significant both for the opportunity that it presents to strengthen corporate governance but also because it demonstrates that co-operatives are natural partners in the fight against poverty.(Proceedings Reports, 2007)

Analysis of Number of Co-operatives and Co-operative Members

	Number of Co-operatives		Co-operative Members	
Country	1990	2005	1990	2005
Ghana	1,000	2,850	Not Available	Not Available
Kenya	4,000	7,000	2.5 million	3.3 million
Nigeria	29,000	50,000	2.6 million	4.3 million
Senegal	2,000	6,000	Not Available	Not Available

Source: Leuven University, Belgium

Malo & Vezina (2004) propose a model of five management and governance roles within co-operatives. They also link the tendency for the diminishing role of membership in governance to the expansion of the cooperatives and a growing domination of commercial values fostered by a professional management distanced from cooperative values. Spear (2004) identifies this problem as prevalent within larger co-operatives in the United Kingdom. He argues that the co-operative systems of governance contribute to the development of powerful and entrenched managers who have more control than in similar private-sector companies. He attributes this to managers greater degree of insulation from pressure from external stakeholders together with weaker signals from external markets. Internally, pressure on managers is also weak because of low levels of member participation as evidenced by the situation in UK Consumer Co-operative.

Chaves & Sajardo-Moreno (2004) on the other hand argue that the empirical evidence for the hypothesis of a tendency towards increasing management control is mixed. In their own study, they emphasize the importance of the selection and training of managers in tune with core social enterprise values. This process could be aided by the development of appropriate training courses and educational institutions together with a code of conduct. These processes are critical to the survival of the democratic enterprise. Spear (2004) also suggests a series of measures to limit managerial power by enhancing the commitment to and involvement in the running of the cooperative by the wider membership. Particular issues for co-operative boards derive from their elected status which provides no certainty that the director will hold the right skills mix and knowledge to effectively scrutinize management decisions. This situation is worsened by low levels of member participation in the democratic processes and the extent to which the board of the cooperative societies are perceived to be transparent as a result of executive and management dominance which often trails these institutions (Shaw, 2006).

Transparency and Accountability: According to Bhasin (2009), one of the major pillar of good corporate governance is 'transparency' which incorporates a system of checks and balances between key players-board of directors, senior level of management, auditors and other stakeholders. Steger & Amman (2008) observe that every organization has a governance system which concerns the distribution of power and responsibilities and consequently, accountability for its performance. Alo (2008) observes that the rise in interest in the subject of corporate governance could be traced to the fact that there is now an increasingly clear separation of ownership from management. The disconnection between the ownership of a business and its management which shields the management from the day to day activities of the business has created the need for the installation of an appropriate and effective framework for insuring transparency and accountability in the management of businesses.

Internal Controls: Sulaiman (2003) observes that the role of internal controls is to ensure that appropriate financial, operational and compliance controls are in place. It is the board's responsibility to report on the effectiveness of these controls. Lack of internal controls often causes fraudulent activities to go unchecked and inevitably result in the downfall of the organization. The internal control function, which is invariably linked to the risk management function, is associated with the internal audit division in most organizations.

Disclosure of Information: According to Healy and Palepu (2001), disclosure comprises all forms of voluntary corporate communications, for example, management forecasts, analyst' presentations, the annual general meetings, press releases, information placed on corporate websites and other corporate reports, such as, stand-alone environmental or social reports. Appropriate corporate governance disclosure systems means that a good company is able to impress the markets with its integrity. Bhasin & Manama (2009) note that it is universally accepted that all material issues relating to corporate governance of the enterprise should be disclosed in a timely fashion; the disclosure should be clear, concise, precise and governed by the "substance over form" principle.

2.3 *Theoretical Framework*

Stakeholder Theory

Stakeholder theory was embedded in the management discipline in 1970 and gradually developed by Freeman (1984) incorporating accountability to a broad range of stakeholders. Wheeler, Colbert & Freeman (2003) argue that stakeholders theory was derived from a combination of the sociological and organisational discipline .Indeed, stakeholders theory is less of a formal unified theory and more of a broad research tradition, incorporating philosophy , ethics ,political theory, economics, law and organisational science. Stakeholder theory can be defined as "any group or individual who can affect or is affected by the achievement of the organisation's objectives". Unlike agency theory in which the managers are working and serving for the stakeholders, stakeholder theorists suggest that managers in organisations have a network of relationships to serve – these include the suppliers, employees and business partners. It was argued that this group of network is important other than owner-manager-employee relationship as in agency theory (Freeman, 1999).On the other end, Sundaram & Inkpen(2004) contend that stakeholders theory attempts to address the group of stakeholders deserving and requiring management's attention.
Whilst, Donaldson & Preston (1995) claim that all groups participate in a business to obtain benefits, Clarkson (1995) suggests that the firm is a system, where there are stakeholders and the purpose of the organisation is to create wealth for its stakeholders. Freeman (1984) contends that the network of relationship with many groups

can affect decision making processes as stakeholders theory is concerned with the nature of these relationships in terms of both processes and outcomes for the firm and its stakeholders. Donaldson & Preston (1995) argue that this theory focuses on managerial decisions making and interests of all stakeholders have intrinsic value and no sets of interest is assumed to dominate the others. This theory is therefore relevant to the system of cooperative societies which are supposedly financial organizations, owned and controlled by the members, for the provision of small scale financial services. Every member of the society is a stakeholder and is expected to participate in the running of the cooperative with a view to ensuring its survival.

3 Methodology

The data used for this study were basically primary in nature. A sample size of 60 respondents were taken from 4 Cooperative Societies from tertiary institutions in Oyo, South West geo-political zone of Nigeria. Questionnaire were administered to 15 members of each of these 4 societies in the tertiary institutions which were Ajayi Crowther University, Federal School of Survey, Emmanuel Alayande College of Education and Federal College of Education (Special). The members were stratified into academic staff and non-academic staff. Because there are always more of non-academic staff in tertiary institutions and usually much more in cooperative societies of such institutions, 5 academic staff and 10 non-academic staff were selected randomly. Out of the 60 sampled respondents, only 44 duly filled and returned the instrument The study also made use of 5 point Likert scale ranging from Strongly Agree = 5 Agree = 4 Hardly Agree =3 Disagree = 2 to Strongly Disagree = 1

Five hypotheses were formulated for the study and these were:
(i) Lack of transparency is not a feature of most cooperative societies in Nigeria
(ii) Executives of cooperative societies do not show good commitment toward accountability
(iii)Most members do not participate in the democratic process giving room for the emergence of incompetent individuals on the executive and board of cooperatives in Nigeria
(iv)Cooperative societies in Nigeria do not engage in sound internal controls and effective risk management
(v) Poor corporate governance does not solely account for the maladministration of cooperative societies in Nigeria

4 Data Presentation and Analysis

Hypothesis 1

Table 1: Lack of transparency is not a feature of most cooperative societies in Nigeria

Response	X	F	Fx	X	S	%
Strongly Agree	5	5	25			11.11
Agree	4	6	24			13.33
Hardly Agree	3	6	18	2.42	1.8404	13.33
Disagree	2	14	28			31.11
Strongly Disagree	1	14	14			31.12

Using a 5 point Likert scale, Table 1 depicts a simple descriptive statistics with a mean score of 2.42 and a standard deviation of 1.8404 .This indicates that majority of the respondents do not agree with the view that lack of transparency is not a feature of most cooperative societies in Nigeria.

Table 2 : Descriptive Statistics

	N	Mean	Standard deviation	Percentage
Lack of transparency is not a feature of most cooperative financing in Nigeria	45	2.42	1.8404	62.23

Thus with a mean score 2.42 from a maximum point of 5 (i.e. below the midpoint of 5) using the Likert scale, and a cumulative percentage of about 62.23% (higher than the average percentage of 50%), the null hypothesis is rejected. Hence, lack of transparency is a feature of most cooperative societies in Nigeria

Hypothesis 2

Table3: Executives of cooperative societies do not show good commitment towards accountability

Response	X	F	Fx	X	S	%
Strongly Agree	5	12	60			26.67
Agree	4	17	68			37.78
Hardly Agree	3	8	24	3.64	1.5071	17.77
Disagree	2	4	8			8.89
Strongly Disagree	1	4	4			8.89

Using a 5 point Likert scale, Table 3 depicts a simple descriptive statistics with a mean score of 3.64 and a standard deviation of 1.5071.This indicates that majority of the respondents agree with the view that executives of cooperative societies do not show good commitment towards accountability.

Table 4: Descriptive Statistics

	N	Mean	Standard deviation	Percentage
Executives of cooperative societies do not show good commitment towards accountability	45	3.64	1.5071	64.45

Thus with a mean score of 3.64 from a maximum point of 5 (i.e. above the midpoint of 2.50) using the Likert scale, and a cumulative percentage of about 64.45 % (higher than the average percentage of 50%), the null hypothesis is accepted. Hence, the executives of cooperative societies do not show good commitment towards accountability.

Hypothesis 3

Table 5: Most members do not participate in the democratic process giving room for the emergence of incompetent individuals on the executive and board of cooperatives in Nigeria

ANOVA

Source of Variation	Sum of Squares	Df	Mean Square	F	Sig.
Between Groups	1.389	4	.347	.639	.637
Within Groups	21.722	40	.543		
Total	23.111	44			

From the result, it is shown that the sum of squares for between groups and within group are 1.389 and 21.722 respectively. The mean square shows a value of 0.347 and 0.543 respectively. However the F-statistic values which helps to tell about the overall significant of a model and its goodness of fit shows a value of 0.639. This result is below the tabulated value of 2.61 with V1=V2 degree of freedom. The result from the significance table shows it is not highly significant. Hence, we accept the null hypothesis that most members do not participate in the democratic process giving room for the emergence of incompetent individuals on the executive and board of cooperatives in Nigeria

Hypothesis 4

Table 6: Cooperative societies in Nigeria do not engage in sound internal controls and risk management

ANOVA

Source of variation	Sum of Squares	Df	Mean Square	F	Sig.
Between Groups	3.177	4	.794	.388	.816
Within Groups	81.801	40	2.045		
Total	84.978	44			

From the result, it is shown that the sum of squares for between groups and within group are 3.177 and 81.801 respectively. The mean square shows a value of 0.794 and 2.045 respectively. However the F-statistic values which helps to tell about the overall significant of a model and its goodness of fit shows a value of 0.388. This result is below the tabulated value of 2.61 with V1=V2 degree of freedom. The result from the significance table shows it is not highly significant. Hence, we accept the null hypothesis that the cooperative societies in Nigeria do not engage in sound internal controls and risk management.

Hypothesis 5

Table 7:Poor corporate governance does not solely account for the maladministration of cooperative societies in Nigeria

ANOVA

Source of Variation	Sum of Squares	Df	Mean Square	F	Sig.
Between Groups	2.058	4	.515	.390	**.814**
Within Groups	52.742	40	1.319		
Total	54.800	44			

From the result, it is shown that the sum of squares for between groups and within group are 2.058 and 52.742 respectively. The mean square shows a value of 0.515and 1.319 respectively. However the F-statistic values which helps to tell about the overall significance of a model and its goodness of fit shows a value of 0.390. This result is below the tabulated value of 2.61 with V1=V2 degree of freedom. The result from the significance table shows it is not highly significant. Hence, we accept the null hypothesis that poor corporate governance does not solely account for the maladministration of cooperative financing in Nigeria

Empirical Findings

From the five hypotheses tested above the following observations were revealed and these are:

- Lack of transparency is a feature of cooperative financing in Nigeria

- The executives of cooperative societies do not show good commitment towards accountability

- Most members do not participate in the democratic process giving room for the emergence of incompetent individuals on the executive and board of cooperatives in Nigeria

- Cooperative societies in Nigeria do not engage in sound internal controls and risk management

- Poor corporate governance does not solely account for the maladministration of cooperative societies in Nigeria

5 Conclusion and Recommendation

The study was carried out to investigate the role of corporate governance practices in corporative financing in Nigeria. Three of the most important corporate governance mechanisms such as transparency, accountability, internal controls and risk management were examined. The survey was meant to examine whether lack of transparency is a feature of cooperative financing in Nigeria, to determine whether the executives of cooperative societies show good commitment toward accountability and to assess the significance of members' participation in the democratic process giving room for the emergence of incompetent individuals on the executive and board of cooperatives. It was also designed to evaluate the need for cooperative societies in Nigeria to engage in sound internal controls and risk management and also to investigate whether poor corporate governance is solely accountable for the maladministration of cooperative societies in Nigeria. Five hypotheses were stated in their null form and were also tested using descriptive statistics and analysis of variance. The outcome of the hypothesis testing was that while only hypothesis 1 was rejected, hypothesis 2, 3, 4 and 5 were accepted. Essentially, the study revealed that poor corporate governance does not solely account for the maladministration of cooperative societies in Nigeria. The study therefore make the following recommendations that will enable cooperative societies in Nigeria to run their affairs as smoothly as possible and also engender trust and confidence in the cooperative system.

(i) That the members must be deeply interested in the activities of the cooperative societies and be ready to serve in various capacities whenever the situation arises.
(ii) That the executive should demonstrate a high level of commitment towards the sustainability of cooperative societies
(iii) That these societies should embrace the principles of good corporate governance that is capable of fostering total accountability, adequate transparency, sound internal controls and full disclosure of their activities.
(iv) That the Ministry of Trade and Cooperatives or the relevant ministry as the case may be, should endeavour to beam its searchlight on the administration and operation of cooperative societies in each of the states in Nigeria.

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