BOARD OF DIRECTORS’ PREFERRED ATTRIBUTES OF A COOPERATIVE MANAGER: MINDANAO, PHILIPPINES CONTEXT

Rotsten T. Cuevas,
John Vianne B. Murcia

Abstract:
The decision to the selection of managers comes with the consideration of several factors, especially in a cooperative organization. With this, the study was conducted to provide a scenario on how cooperatives perform when it comes to the recruitment of a manager and identify the relative importance of the features or attributes (management style, educational attainment, experience, and areas of expertise) in determining cooperatives’ best and least-preferred manager. A total of 400 members of the cooperative Board of Directors responded to a survey which employed 20 software-generated placards. Using a metric conjoint analysis, this study found out that as far as cooperatives in Mindanao are concerned, the areas of expertise of a manager is the most important attribute, while the educational attainment of a manager is the least important attribute. On aggregate, a manager with expertise in member relations is most preferred, while a manager that has educational attainment of a doctoral degree is the least preferred attribute level. The additive model of conjoint analysis further revealed that the most preferable manager is one that has a democratic style of management, holder of bachelor’s degree, with two to four years of experience and has an expertise in member relations, while the least preferred combination is a manager that has a management style by walking around or listening type, holder of bachelor’s degree, one year or less experienced, and has an expertise in marketing and promotions. Implications of this study are also discussed.

JEL: J24; O15; L20

Keywords: human resource management, cooperative manager, areas of expertise, experience, management style, education, conjoint analysis, Mindanao

1 Correspondence email: jv_murcia@umindanao.edu.ph
1. Introduction

Recruitment of the right manager is vital regardless of what sort of the sector or organization. Managers are expected to possess adequate abilities to adjust to the challenging business world. In this manner, selecting employable managers depending on their set of skills might result in a more competitive advantage in achieving cooperative goals (Chaghooshi, Arab, & Dehshiri, 2016). However, two of the factors why cooperatives fail is due to the decision-making process and mismanagement of overall operation (Ahsan & Nurmarya, 2016). Concerns have been raised about the efficacy and productivity of managers, specifically the ability to protect the interest of members with respect to their financial capital and ensure the efficiency of the processes of the cooperative organization (Bryson, 2018).

A manager is the one who is responsible for overseeing the whole operation of a business entity by getting activities completed efficiently with and through other people. An outstanding manager is a dynamic and nurturing component of each business (Drucker, 2012). The manager acts as a significant person in the engaging board of directors to transform higher-level strategies and objectives into operational policy that motivates business operations (Williams, 2016). In addition, managers are expected to be focused on performing their organizational tasks through the support of their members (Hobart & Sendek, 2014). The challenging function of the manager is being responsible to its senior executives for their performance, and for motivating, supporting and guidance of field employees.

In recent years, cooperative organizations gained attention as strategic components to attain sustainable economic development become an emergent issue (Bretos & Marcuello, 2017). Cooperative enterprises emerged to become one of the imminently engaging models of business organization in view of the accompanying reasons. First, they run as an independent entity where associates are in control of business operations to meet general demands, hence, empowering them to become socially and economically independent individuals. Second, by combining each member’s resources, the cooperative can become capable of providing means to raise capital. Third, cooperatives assure individuals to provide a competitive avenue to market their products; and cooperatives are good contributors to rural advancement by providing employment opportunities that influence financial and social stability (Apostolakis & Gert, 2018; Kagan & Kagan, 1994; Quintana, 1996). This suggests that the main goal of cooperatives is concentrated on providing for its members’ needs. Being an enterprise, the need to productively operate and strive in a competitive market is relevant to serve its members efficiently and effectively (Williams, 2016). Hence, a manager that meets these considerations has to be carefully selected for the job.

Additionally, the role of managers in the cooperative is related to the success of the business operation (Rengifurwarin, Akib, Jasruddin, & Salam, 2018). Members’ engagement with the cooperative is a requirement for spending time pertinent to the active participation and governance of the cooperative (Verhees, Sergaki, & Dijk, 2015).
Furthermore, the main driver of a cooperative organization is the manager. The hiring of a qualified and imaginative manager is the most significant single act of the cooperative’s board of directors. The success of the cooperative organization depends on the manager than on some other individuals. It is the manager who guides the day-to-day operation and the one in charge full time (Souisa, Musa, Akib, Anshari, & Bado, 2019). But the board of directors and managers often struggle with the division of duties, supervision, and operational detail between the board and management (Baarda, 2014).

There is no study yet intended on determining the preference of cooperatives and identifying what attributes will define a preference for a manager. This research will help the cooperatives on what to consider in choosing their manager effectively. Selecting the best candidate for the job is a choice which members of the Board of Directors must make as they plan the qualities they want in a manager. Furthermore, managers can have an idea of what qualities and improvements they should possess to be qualified for their desired positions. As a result, this study aims to bridge the gap.

2. Literature Review

Several researchers proposed that there is difficulty in employing and retaining managers because of the incessant internal control of the members of the cooperatives (Bond, 2009), and margins in salary variances between workers and managers (Winter, 2009). Moreover, literature has pointed out some difficulties arising from managers’ incompetency in understanding cooperative culture and values (Bretos & Marcuello, 2017), and in adapting to a cooperative model that more likely originated from its members’ divergence intentions (Basterretxea & Albizu, 2011).

In a comprehensive setting, the manager’s character was viewed as critical for organizations to grasp distinct competitive advantages, since the changing environment demands from managers the precise analysis of the environment, the compelling allocation of resources and the right selection of business sectors in which the firm will compete (Adrian & Green, 2001; Basterretxea & Albizu, 2011; Bhagat, Bolton, & Subramanian, 2011). To meet the demands of the globalized economy, some cooperatives employ professional managers that are dedicated to economic efficiency, which in turn could prompt progressive tendencies and therefore minimize the democratic and participatory praxis that characterize cooperatives (Ng & Ng, 2009; Spear, 2004).

In any case, the perspective of management training and promotion guidelines in cooperatives to maintain managers that are specializing in cooperative culture and values, along with generating sustainable competitive advantages, influence cooperatives through better management (Basterretxea & Albizu, 2011). Veritably, researchers affirm the idea that the higher the skills of the managers acquired through training demonstrates lower affinity to leave the firm in contrast with capitalist organizations (Arando, Gago, Kato, Jones, & Freundlich, 2010).

Difficulties and conflicting decisions of the members and the cooperative were also viewed as a significant cause of comparative inefficiency (Webb & Cheney, 2014).
Appropriate collective decision-making implies that each member should devote their time to participating in assemblies and business meetings, and exert effort in acknowledging the organization and the members’ preferences and decisions (Deller, Hoyt, Hueth, & Sundaram-Stukel, 2009). The cooperative manager is appointed and entrusted by the members to manage the business unit and is responsible for managing cooperative operations (Souisa et al. 2019).

The competencies of cooperative managers greatly enhance their efficiency in the implementation of policies thereby bringing success and prosperity to the cooperative itself for the benefit of its members (Mabbun & Leuterio, 1973). The ability, resourcefulness, sincerity, and stewardship of a manager plus his educational attainment and number of years in service with satisfactory performance assure successful implementation of policies (Bond, 2009). The manager is the head and the brain of the cooperative. He must have the resourcefulness, initiative, dynamism and leadership needed for the success of the cooperative. A competent manager is capable and resourceful in operating a business upon cooperative principles and interpreting the intent of the directors by faithfully carrying out their policies (Mabbun & Leuterio, 1973).

The cooperative organization should be regarded as a team consisting of four components these are the members, board of directors, manager, and other employees. Each part of the organization has its own duties and responsibilities in performing management and operational functions in a cooperative (Birchall & Ketilson, 2009). Effective management of a cooperative, thus, depends on the intelligent and dynamic cooperation of the members, the board and the management, each group shouldering its own responsibilities to the best of its ability (Dogarawa, 2010). The cooperative manager must communicate well and maintain good relationships with members. This is because the manager needs help from the members, including their participation in the governance process, feedback on how well the cooperative is serving them, what things are working well and what needs improvement (Dejene & Getachew, 2015).

Management styles play a vital role in an organization’s success (Saleem, 2015). Management style denotes the distinct method that leaders embrace in which they are capable of providing guidance, executing plans and inspiring subordinates (Khan, Khan, Qureshi, Khan, Jan, & Khan, 2015). It encompasses creating rapport with employees, motivating change and enabling innovative thinking (Westcott, 2014). The difference of effective managers from others is their ability to evaluate circumstances and to strategically select their management style accordingly (Zulch, 2014). In addition, managers have an option over what management style they want to implement in fulfilling this main task (Cetin, Karabay, & Efe, 2012; Zulch, 2014).

An autocratic management style, frequently acknowledged as a classical approach (Khan et al., 2015), is where the manager preserves the power and executes the decision without consultation and contribution from other employees’ ideas (De Hoogh, Greer, & Den Hartog, 2015; Khan et al., 2015). Autocratic managers are known to be task-oriented rather than relationship-orientated (Adams & Galanes, 2009). Subsequently, autocratic leaders require the use of titles and frequently prompt their members to guarantee that
control is sustained (Kelly & MacDonald, 2016; Wright, 2009). Such kind of managers depends on threats and disciplines to remain in control which often results in employees’ sentiment that they are less trusted (Khan et al., 2015). An authoritative management style is likely to be more rules-based, and thus requires less adaptability (Brennan, 2014).

Common phrases that autocratic managers frequently use include “this is what we are going to do” (Adams & Galanes, 2009) or “do it because I say so” (Wright, 2009), which both statements do not employ welcoming input but are enforcing demands. An autocratic management style, in comparison with other management styles, precede the highest employees’ burnouts, the most apathetic workers and the least harmony within the workplace (Kelly & MacDonald, 2016). The reason behind the adequacy in these conditions include that the managers are in control by mandating what is compulsory for employees and that leads to a higher productivity (De Hoogh et al., 2015).

Management that is wandering around has been observed as a method for conversing between the employees and the manager based on the informal agreement through executing the decentralized management approach, and the trust ascertained to each employee which improves management teamwork and sustains the space-time continuum (Shra’ah, Rumman, Hamour, & Sha, 2013). Walking around or listening to the type of style enables the manager to have an idea of the occurrence within his or her organization and maintain contact with its employees where their needs can be directly raised and their viewpoints can be heard, supporting one organizational objective. Moreover, it affects individual employees and several management aspects for the reason that the feedback and participation from each subordinate were acknowledged (Al-Rawashdeh, 2012).

Intellectual capital is an important component that is accountable for the development of economic growth (Bontis, Wu, Huang, & Liu, 2005). It has been quite some time since human capital has been recognized as an important factor in the wealth of several organizations (Cabrita & Bontis, 2008). From a globalization aspect, modern business is commonly recognized through intellectual and human capital that supports organizations to survive and uphold competency (Zeglat & Zigan, 2013). Additionally, the research identifies a higher level of educational attainment as responsible for conceiving high-status occupations (Butlin, 1996). An underlying assumption points out that management education with exposure to theories, impressions and procedures of several disciplines and functions influences managers to work better (Bennett & Langford, 1980).

Subsequently, in the present progressively competitive labor market, supervisory and managerial level employees that are involved in the decision-making process can advance their career status and are adept at recovering well to unexpected job loss (Queiro, 2016). Moreover, literature proposed that well-accomplished executives presumably are more to use elaborated systems when administering capital budgeting and evaluating the cost of capital (Gottesman & Morey, 2006). Educated individuals are also showing capabilities of doing errands easily and efficiently (Blaker, Rompa, Dessing, Vriend, Herschberg, & Van Vught, 2013).
In addition, managers with a master’s degree in Business Administration, are more likely to utilize learned techniques in capital budgeting and asset pricing in the cost of capital calculation, compared with other business executives (Graham & Harvey, 2005). Specific degrees earned by managers greatly influence their possibility to become the Chief Executive Officer of a large firm (Jalbert, Jalbert, & Perrina 2004). White (2005) contended that managers with liberal arts undergraduate degrees who have specialized skills may accomplish better than any other managers as they acquire a kind of education that has a more extensive basis to operate in a progressively complex, global and ever-changing business avenue. These outcomes all suggest that the type of educational training can influence the managerial behavior of a manager. These behavior dissimilarities, in turn, may translate into differences in firm performance. For example, it is possible that a manager with an MBA from a top school may understand more cutting-edge capital budgeting techniques than a manager without a business education background, and therefore produce better firm performance (Gottesman & Morey, 2006). The quality of a manager is measured by the prestige of their educational background. That is, managers who went to more prestigious schools as determined by school rankings are assumed to be of higher quality (Palia, 2000).

Similarly, it is well acknowledged that education is a great contributor to enhancing social respect and status. Notwithstanding utilizing social capital for individual enhancement up the business ladder, researchers indicate that managers with impressive educational profiles are keen on “weak-ties” between government representatives and decision-makers which they knew can affect the performance of their business (Belliveau, O’Reilly, & Wade, 1996; Burt, 2009). Enterprises’ high level of competitiveness was greatly influenced by their executives’ business competence and educational attainment and the kind of degrees they acquire (Lubomska-Kalisz, 2014). It was also found that higher educational attainment leads to managers managing businesses in unregulated industries. However, managers with low-quality educational profiles are more likely to manage regulated industries (Joskow, Rose, Shephard, Meyer, & Peltzman, 1993). Also, receiving a doctoral degree can increase the probability of receiving a titled manager position in finance parlance (Kamath & Meier, 2006). By exploring some approaches to identify and improve competencies and features, researchers suggest that there is a need for an organized and informed method for manager education in some universities (Brill, Bishop, & Walker, 2006). The educational attainment of a manager plays an important role in building competitiveness and competence.

Apart from the professional and academic knowledge, it is commonly believed that experience might play an important role in the performance of individuals. In many cultures, the myth is that people get wiser due to more exposure and experience. For example, in African culture, experience is considered a priority for leadership positions in different organizations (Sawati, Anwar, & Majoka, 2013). Leadership styles and performance of individuals differ from culture to culture and country to country depending upon life patterns, beliefs and value system or otherwise on the knowledge...
and experience of the people (Trompenaars & Hampden-Turner, 2011). A wide range of experiences led managers to become more appealing. Hence, conventional wisdom’s viewpoint suggests that a career is best understood if employees are focused on searching for motivating and marketable experiences (Buckingham & Coffman, 2014).

Work experience has been recognized as a vital discriminator in acquiring employment; employees with relevant work experience are more possible to take the appropriate level of work (Bennett, Eagle, Mousley, & Ali-Chodhury, 2008). There are several ways to gain work experience including internships, part-time jobs and employment before acquiring an education (Brooks & Youngson, 2016). Employers are more likely to favor applicants with relevant work experience while others perceive work experience as more important compared to academic background (Bennett et al., 2008).

In addition, employers began to realize that well-prepared workers would also be needed for a work experience in a technologically driven society (Harvell, 2009). To succeed, managers should enhance relevant skills appropriate for a corporate environment and needs to have the capability to learn from their experience (Holcomb, Holmes, & Connelly, 2009). Additionally, employees’ performance is observed to gradually develop through relevant work experience. With this conception, employees are capable of learning all the skills that are important for their job (Kotur & Anbazhagan, 2014).

There is also a relevant difference in the leadership style of experienced and inexperienced managers. The research noted that experienced managers are more likely to become transformational and transactional in comparison with inexperienced postgraduate managers (Davidson, Tsakisissirs, & Guo, 2017). Similarly, businesses that stress experience pay attention to employees’ work history. They pour more attention into each resume and evaluation from the previous employer of the type of job they performed. Employers do this to see his past as a window to his future (Buckingham & Coffman, 2014). Moreover, a study indicates that as the manager’s work experience increases, workers tend to perform comparatively better performance (Van Vugt, 2006). An employee having good involvement in his work can become a leader because of his exceptional endowment of experience acquired throughout his work experience (Kotur & Anbazhagan, 2014). In an assessment by some researchers, they revealed that training programs provide a reliable way of moderating the reality shock during the transition from the academic to the employment world (Ayarkwa, Adinyira, & Osei-Asibey, 2012). The experience of a manager is considered a key element in the development of skills and knowledge in the business sector.

Expertise is the capacity to execute a function or activity effectively by employing productive skills, experiences and competencies (Bonface, Malenya, & Musiega, 2015). One of the manager’s important jobs is to choose an approach that will govern the organization’s disclosure with sector performance that incompetency will negatively influence the manager’s decision and the firm at large (Gopalan, Milbourn, & Song, 2010). Additionally, employees are frequently preferred because of their technical expertise and excellent leadership skills (Narayanan, 2001).
Managers are often selected in favor of their technical ability (Taylor & Woelfer, 2012). In addition, basic managerial skills which are needed for effective managerial work are the technical skill, which is the ability of the manager to use specific methods and techniques in doing the managerial work. The technical skills of managers represent the usage of methods like breakeven analysis in planning or the ability to prepare for and conduct a structured interview (Papulova & Mokros, 2007).

Managerial expertise has a significant impact on corporate divestiture decisions, and hence on firm value; the value of a CEO’s expertise is robust even after accounting for potentially confounding factors in a firm’s divestiture and manager selection decisions (Huang, 2014). Those observations support studies that found managers are rarely selected but are nurtured for the role, having been identified as either having management potential, or, worse, as technical specialists who have availability (Gopalan, Milbourn, & Song, 2010). Moreover, Darrell, Baccarini, and Love (2010) averred that many managers were selected based on their technical and managerial expertise but lacked the required competencies to deliver the project. Such a managerial experience is more important in shaping the manager’s specialized expertise than a general working experience with no assumption of managerial responsibility in more junior positions (Huang, 2014).

In addition, a lack of managerial skills in the fields of marketing, financial management and planning has always been identified as a major problem faced by cooperative enterprises (Cornforth, Thomas, Spear, & Lewis, 1988). To overcome the shortage of managerial expertise, practical experience in working in a democratically managed enterprise is needed (Cornforth, 2004). Training includes the following components namely: basic business competencies (accounting, business strategy, and marketing), technical work processes and other working experience that are helpful in managing a cooperative (Meek & Woodworth, 1990). It has also been found that once these weaknesses are recognized, a cooperative can achieve economic sustainability (Cornforth, 2004).

While it is well-acknowledged in corporate theories that managers differ in their management skills, few empirical studies have examined how managerial expertise may affect corporate decisions and firm value (Huson, Malatesta, & Parrino, 2004; Weisbach, 1995). One of the underlying empirical difficulties is that it is hard to measure managerial expertise (Huson et al., 2004). However, there is regularly an absence of empirical identification that can clearly recognize the effects of managerial expertise on firm value from other undetectable factors (Huang, 2014). In parallel with technical, human, and conceptual dimensions that constitute three individual aspects of management activities, management skills are examined in three categories such as technical, human relations, and conceptual skills (Mucuk, 2008).

Managers of an organization should be generalist and gain essential abilities and knowledge in managerial functions such as planning, organizing, leading, and controlling. Managers also should have knowledge in finance, marketing and market development, operations and competitions (Nkosi, 2013). The effectiveness of many
management practices depends on the expertise of managers to develop informal agreements with employees (Gibbons & Kaplan, 2015).

Cooperatives are like other businesses, especially in terms of business practices. Both cooperative and corporate structures hire a manager or management team to oversee daily operations and implement these policies (Ammirato, 1996). As observed throughout the literature, the manager has a significant role in managing a cooperative organization. Managing a cooperative requires a clear understanding of principles and business expertise. They need to be well versed in the cooperative structure and business operation. That being said, members’ involvement in the governance process and feedback mechanism is very crucial to the effective performance of a cooperative society. They are the ones making decisions on major cooperative resolutions. Member-owners in the cooperative need to express opinions regarding the selection of the manager for the achievement of the stability and viability of the organization (Basterretxea & Albizu, 2011).

Based on the provided meaningful literatures, the four attributes namely management style, educational attainment, experience, and areas of expertise are four of the few important factors preferred by cooperatives in selecting a manager. There are still other factors that cooperatives consider before hiring a manager. Thus, this is the reason why this study could still be improved and developed. However, the four attributes determined in this study are still needed to be tested in the chosen context that may contribute to important discussions on the body of knowledge.

3. Material and Methods

The descriptive-causal research method was used in conducting the study. The descriptive research method includes the description of the state of affairs as they exist at present (Kothari, 2004). Specifically, this study utilized a causal research method through a market research technique to determine how cooperatives’ preferences for a manager are affected by the four attributes, namely management style, educational attainment, experience, and technical expertise. To answer the objectives stated for this study, conjoint analysis was employed to generate necessary and appropriate results. It is a procedure in which a respondent needs to choose over various selections that differ at the same time from between at least two attributes or features. Investigators illustrate products by sets of attribute values or levels that would create a general outlook in a cooperative manager.

The study involved 300 primary cooperatives across Mindanao that are member-affiliates of MASS-SPECC Cooperative Development Center, a secondary federation of cooperatives. These cooperatives are represented by members of their Board of Directors and officers. The combined individual membership of the federation sums up to more than a million, owning altogether assets at an estimated value of Php 40 billion. Members of the federation majority are multi-purpose cooperatives (64%), savings and credit cooperatives (26%), while the rest are classified as service cooperatives. They are
distributed in all the regions in Mindanao. During the survey proper, a total of 400 cooperative BOD members/officers were randomly selected from the thousands of officers who confirmed during the general assembly (GenAss) organized by MASS-SPECC-CDC to participate in the survey, with which all of them consented and responded. This sample is acceptable, such that conjoint analysis studies generally require 150 to 1,200 respondents, sufficient to obtain a reliable conjoint-estimating tool to address the concerns of the study (Orme & Huber, 2000).

The choice of conjoint methodology was cognizant of the fact that this study utilized the full-profile method in designing cooperative members’ preferences for evaluation by establishing combinations of attribute levels. The full-profile method showed that all the attributes were adopted for the presentation of the stimuli as these were more realistic and more explicit in the portrayal of the trade-offs among attributes. The full-profile approach was also the most popular method mainly due to its ability to reduce the number of comparisons using a fractional factorial design. Furthermore, the approach elicits fewer judgments; the number of attributes is limited to four, however, each judgment is more complex.

In the analysis and interpretation of data, a metric conjoint analysis (CJA) was used to determine the order of relative importance of the five chosen attributes. This study utilized conjoint analysis’ SCORE subcommand to rate the bank preferences profiles. Ratings on the profiles were decomposed, resulting in part-worth estimates of each attribute level. Meanwhile, CJA’s additive model was used to measure the total utility of cooperative preferences for a manager. The total utility was calculated by adding the constant and the highest utility estimations of levels of four attributes. All statistical analyses were done in IBM’s Statistical Package for Social Sciences Version 20.

4. Results and Discussion

Importance values (RIVs) are relative and within this study. If the range of the attribute levels that were tested changes, the relative importance of that attribute will also be likely to change.

Table 1 presents the results gathered from the respondents which reveal that the areas of expertise are considered as the most preferred and most important attribute for cooperatives in selecting a manager (RIV=26.086%). Preference for a coop manager can also be expressed using marginal utility evaluated in each attribute level. Under the area of expertise, the attribute level expertise in member relations got the highest value (0.176), the attribute level expertise in operations came second (0.002), while the attribute level expertise in marketing and promotions is the least-rated expertise (-0.179). Managers having expertise in member’s relation is the most preferred attribute level of a manager, which is a corollary to the pronouncements of Souisa et al. (2019), finding that cooperatives need the presence of a manager who understands the internal conditions of members. Moreover, Osterberg and Nilsson (2009) affirm that strong member relations also provide cooperative managers with a greater ability to pursue other objectives such as financial...
growth while retaining a profitable cooperative. The success of the cooperatives is not only relying on the efficiency and effectiveness of the governance and management but also on members’ participation as long as they are satisfied with the services offered by the management (Othman, Kari, Jani, & Hamdan, 2012). Finally, Taylor and Woelfer (2012) emphasized that a manager is selected for his/her position based on technical ability and expertise, which is the ability of the manager to use specific methods and techniques in doing managerial work.

Table 1: Relative importance of the attributes of a coop manager and the preferred levels for each attribute

<table>
<thead>
<tr>
<th>Attribute</th>
<th>Importance Value (%)</th>
<th>Attribute Level</th>
<th>Utility Estimate</th>
<th>S.E.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Management Style</td>
<td>25.125</td>
<td>directive/authoritarian</td>
<td>.026</td>
<td>.091</td>
</tr>
<tr>
<td></td>
<td></td>
<td>democratic</td>
<td>.283</td>
<td>.090</td>
</tr>
<tr>
<td></td>
<td></td>
<td>delegative</td>
<td>-.122</td>
<td>.134</td>
</tr>
<tr>
<td></td>
<td></td>
<td>management by walking around</td>
<td>-.186</td>
<td>.125</td>
</tr>
<tr>
<td>Educational Attainment</td>
<td>20.374</td>
<td>bachelor’s degree holder</td>
<td>-.036</td>
<td>.131</td>
</tr>
<tr>
<td></td>
<td></td>
<td>master’s degree holder</td>
<td>.162</td>
<td>.133</td>
</tr>
<tr>
<td></td>
<td></td>
<td>doctoral degree holder</td>
<td>-.126</td>
<td>.077</td>
</tr>
<tr>
<td>Experience</td>
<td>26.034</td>
<td>1 year or less</td>
<td>-.081</td>
<td>.088</td>
</tr>
<tr>
<td></td>
<td></td>
<td>2 to 4 years</td>
<td>.199</td>
<td>.134</td>
</tr>
<tr>
<td></td>
<td></td>
<td>5 years or more</td>
<td>.077</td>
<td>.140</td>
</tr>
<tr>
<td></td>
<td></td>
<td>no experience</td>
<td>-.195</td>
<td>.105</td>
</tr>
<tr>
<td>Areas of Expertise</td>
<td>26.086</td>
<td>operations-oriented</td>
<td>.002</td>
<td>.196</td>
</tr>
<tr>
<td></td>
<td></td>
<td>member relations-oriented</td>
<td>.176</td>
<td>.157</td>
</tr>
<tr>
<td></td>
<td></td>
<td>marketing and promotions oriented</td>
<td>-.179</td>
<td>.080</td>
</tr>
<tr>
<td></td>
<td></td>
<td>(Constant)</td>
<td>-.488</td>
<td>.067</td>
</tr>
</tbody>
</table>

Moreover, experience is the attribute that has the second-highest relative importance value (RIV=26.034%), close enough to the first attribute. This means that this could also be a major factor for members of the BOD of each cooperative to decide in selecting someone for the post. Under this attribute, the highest-rated attribute level is having *two to four years of experience* (0.199), followed by having an experience of *five years or more* (0.077), having an experience of *one year or less* (-0.081), and the last and least-rated is a manager that has *no experience* (-0.195). Experience of having a managerial role, as Davidson et al. (2017) put it, highlights the fact that more experienced managers are more transformational and more transactional compared to inexperienced managers. This is also akin to Harvell’s (2009) study, stating that to become successful, managers need to develop skills to fit into the corporate culture and to have an ability to learn from experience.

The third most important attribute based on relative importance value is management style (RIV=25.125%). Under this attribute, most preferred are managers who have a *democratic style of management* (0.283), followed by a *directive or authoritarian style of management* (0.026), while *delegative management style* (-0.122) and *management by walking*
around (-0.186) were generally non-preferable management styles. For management style, Ngai (2005) averred that the democratic leadership style of managers creates motivation in the staff and raises their satisfaction with their job and profession since democratic leaders enjoy a practical relationship in the organization and these relationships influence members in cooperative at a higher level. Also, managers’ democratic management style is admired by their workers or underlings due to their caring for individuals, and being interested in accepting new thoughts and opinions (Morrison, Jones & Fuller, 1997).

Lastly, the attribute with the least relative importance value is the educational attainment of the coop manager (RIV=20.374%). The most preferred attribute level under educational attainment is a coop manager who is a master’s degree holder (0.162), while negative preferences were seen for coop managers who are mere bachelor’s degree holders (-0.036) or if they are a doctoral degree holder (-0.126). The result may further conform to the statement of White (2005) that managers with undergraduate degrees who have specialized skills may perform better than any other managers as they possess an education that offers an extensive foundation in controlling an increasingly complicated, global, and fast-moving business arena.

Based on the part-worth utility concept, the total utility can be determined from the combinations of part-worth utilities. This can be done by adding the marginal utility value of the attribute level combinations of each attribute plus the value of the constant derived in the conjoint estimation. The preference model estimated can be used to calculate the total utility for the twenty alternative product profiles. The total utility and the order of preference of the sixteen attribute profiles of a manager are shown in Table 2.

Based on the results of the additive model, the most preferred coop manager profile is Card ID 5, which is a profile of a manager having a democratic style of management, holder of bachelor’s degree, with two to four years’ experience, and has an expertise in member relation, having an overall utility of 0.134, calculated by adding the constant -0.488 + 0.283 utility for management style, + -0.036 utility for education, + 0.199 utility for experience and + 0.176 utility for the areas of expertise. This may denote that members in a cooperative preferred a manager having these attributes. This reflects Wadsworth and Business’s (2001) pronouncements that the cooperative managers must have a good relationship with the members. The major element of the cooperative enterprise is the democratic style of management, a mixture of direct and indirect democracy is practiced (Whyte & Whyte, 2014). This is because the manager needs help from the members, including their participation in the governance process and what the cooperative needs for improvement.
Table 3: Most and least preferable combinations of attributes of a coop manager based on generated profiles by orthogonal array

<table>
<thead>
<tr>
<th>ID</th>
<th>Constant</th>
<th>x1</th>
<th>x2</th>
<th>x3</th>
<th>x4</th>
<th>Total Utility</th>
<th>Rank</th>
</tr>
</thead>
<tbody>
<tr>
<td>Card5</td>
<td>-0.488</td>
<td>0.283</td>
<td>-0.036</td>
<td>0.199</td>
<td>0.176</td>
<td>0.134</td>
<td>1</td>
</tr>
<tr>
<td>Card13</td>
<td>-0.488</td>
<td>0.283</td>
<td>0.162</td>
<td>-0.081</td>
<td>0.002</td>
<td>-0.122</td>
<td>2</td>
</tr>
<tr>
<td>Card14</td>
<td>-0.488</td>
<td>0.283</td>
<td>0.162</td>
<td>0.077</td>
<td>-0.179</td>
<td>-0.145</td>
<td>3</td>
</tr>
<tr>
<td>Card1</td>
<td>-0.488</td>
<td>-0.186</td>
<td>0.162</td>
<td>0.077</td>
<td>0.176</td>
<td>-0.259</td>
<td>4</td>
</tr>
<tr>
<td>Card3</td>
<td>-0.488</td>
<td>0.026</td>
<td>0.162</td>
<td>0.199</td>
<td>-0.179</td>
<td>-0.280</td>
<td>5</td>
</tr>
<tr>
<td>Card4</td>
<td>-0.488</td>
<td>-0.122</td>
<td>-0.036</td>
<td>0.199</td>
<td>0.002</td>
<td>-0.445</td>
<td>6</td>
</tr>
<tr>
<td>Card12</td>
<td>-0.488</td>
<td>0.026</td>
<td>-0.126</td>
<td>0.077</td>
<td>0.002</td>
<td>-0.509</td>
<td>7</td>
</tr>
<tr>
<td>Card2</td>
<td>-0.488</td>
<td>0.026</td>
<td>-0.036</td>
<td>-0.195</td>
<td>0.176</td>
<td>-0.517</td>
<td>8</td>
</tr>
<tr>
<td>Card9</td>
<td>-0.488</td>
<td>-0.122</td>
<td>0.162</td>
<td>0.077</td>
<td>-0.179</td>
<td>-0.550</td>
<td>9</td>
</tr>
<tr>
<td>Card15</td>
<td>-0.488</td>
<td>-0.122</td>
<td>-0.126</td>
<td>-0.081</td>
<td>0.176</td>
<td>-0.641</td>
<td>10</td>
</tr>
<tr>
<td>Card16</td>
<td>-0.488</td>
<td>-0.186</td>
<td>0.162</td>
<td>-0.195</td>
<td>0.002</td>
<td>-0.705</td>
<td>11</td>
</tr>
<tr>
<td>Card11</td>
<td>-0.488</td>
<td>0.283</td>
<td>-0.126</td>
<td>-0.195</td>
<td>-0.179</td>
<td>-0.705</td>
<td>12</td>
</tr>
<tr>
<td>Card8</td>
<td>-0.488</td>
<td>-0.186</td>
<td>-0.126</td>
<td>0.199</td>
<td>-0.179</td>
<td>-0.780</td>
<td>13</td>
</tr>
<tr>
<td>Card6</td>
<td>-0.488</td>
<td>-0.122</td>
<td>0.162</td>
<td>-0.195</td>
<td>-0.179</td>
<td>-0.822</td>
<td>14</td>
</tr>
<tr>
<td>Card7</td>
<td>-0.488</td>
<td>-0.186</td>
<td>-0.036</td>
<td>-0.081</td>
<td>-0.179</td>
<td>-0.970</td>
<td>15</td>
</tr>
</tbody>
</table>

Card ID 5 is followed by with Card ID 13 as the second most preferred combination for a manager, having a democratic style of management, holder of master’s degree, with 1 year or less experience, has an expertise in operations, having an overall utility of -0.122, calculated by adding the constant -0.488 + 0.283 utility for management style, + 0.162 utility for education experience, + -0.081 utility for the experience and + 0.002 utility for areas of expertise.

The third preferred combination is Card ID 14, which is a manager who has a democratic style of management, holder of bachelor’s degree, with 5+ years’ experience, and has an expertise in marketing and promotions, having an overall utility of -0.145 calculated by adding the constant -0.488 + 0.283 utility for management style, + 0.162 utility for education, + 0.077 utility for experience and + -0.179 utility for areas of expertise.

On the other hand, the least preferred combination of a manager attributes is Card ID 7, a coop manager whose management style is walking around or listening type, holder of a bachelor's degree, one year or less experience, and has an expertise in marketing and promotions having an overall utility of -0.970, calculated by adding the constant -0.488 + -0.186 utility for management style, + -0.036 utility for education, + -0.081 utility for experience, and + -0.179 utility for areas of expertise. To corroborate this, a focus group discussion of BOD members of several cooperatives revealed that these attributes were not so appealing to the members in a cooperative, as members prefer a manager that has a democratic style of management, 2 to 4 years of experience and a holder of master’s degree.

The results revealed that preferences for a manager of a cooperative vary according to needs, current coop performance, general membership preferences, and the attributes being analyzed in this study. In addition, individual (BOD member) preferences vary, confirming the uniqueness of choices of individuals on preference. For
instance, a member of a cooperative’s BOD may prefer a manager with expertise in operations, with an experience of one year or less, a holder of a bachelor’s degree and has a management style of democratic. This is noteworthy, given that Papulova and Mokros (2007) opined that a manager should have an overview of finance, technical and professional knowledge which leads to the growth of the organization. If the manager neglects this skill, emerging and undiscovered problems arise. In addition, another BOD member may prefer a manager with just a bachelor’s degree, who has no experience, and expertise in operations, and has a delegative style of management. Notwithstanding these attribute levels, Adams and Galanes (2009) found the delegative style to be potentially effective if used in highly skilled and educated teams that do not require a lot of supervision. This means that the leader gives power to the employees without providing a lot of guidance and letting them take in charge (Achua & Lussier, 2013). Such varying preferences are normal, especially for organizations with cooperatives as their business model, and these preferences could likely change as well, given structural changes in the organization, e.g., increased membership and organizational expansion.

5. Recommendations

The study recommends that the Board of Directors of cooperatives may adopt the significant findings of the study to serve as a guide in the review and development of policies and procedures, particularly in the human resource manual in line with the functions of a manager in achieving cooperative’s strategic goals. Their hiring and recruitment processes can be anchored or realigned with the findings of the study for future decision-making. As such, cooperatives may also further consider the perception of the members towards the attributes of their preferred manager.

Also, cooperative managers may find the study’s findings plausible as a basis on what qualifications, traits, and style of management they would possess to become effective and productive in the business organization. Members’ involvement and relation are very important in the cooperative sector. Building up good relationships with members for feedback on how well things are working and what needs improvement. Further, studies on determining the best attribute combinations of a manager among cooperatives which may include other attributes can be done to have a much more realistic result.

Consequently, further studies may be conducted in other places exploring other variables aside from entrepreneurial skills that affect the business success of other firms. Future researchers can explore more factors that have a positive effect on business success. Although, a sample of 400 respondents is good enough to conduct a study based on the given literature, it is much more realistic and the effective result can be achieved if the maximum respondent sample will be involved in the study, still using conjoint analysis.
6. Conclusion

The preference of a manager is influenced by his skills and competency. Firmly, the Random Utility Theory of Domencich and McFadden (1975) relates the probability of a choice of a product to the product attributes. Moreover, the ability, resourcefulness, and stewardship of the manager plus his educational attainment and number of years in service with satisfactory performance assure the success of an organization (Bond, 2009). There is no ideal manager in general, however, as far as cooperative members are concerned, areas of expertise of a manager are the most important attribute, while educational attainment is the least important attribute. As for attribute levels, a manager with expertise in member relations is the most preferred, while a manager with a doctoral degree holder is the least preferred attribute level.

On the other hand, the overall sample prefers a manager that has an expertise in member relations, an experience of two to four years, has a democratic management style and a holder of a master’s degree, while the least preferred combination of a manager is having a management style by walking around or listening type, holder of bachelor’s degree, 1 year or less experienced, and has an expertise in marketing and promotions. Moreover, the most preferred combination for a manager is having democratic management of style, holding of master’s degree, with two to four years of experience and has an expertise in member relations while the least preferred combination for a manager has a management style by walking around or listening type, holder of bachelor’s degree, one year or less experienced, and has an expertise in marketing and promotions. The ranking reveals how cooperatives choose their preferences given the combinations that are being generated via an orthogonal array.

Acknowledgements

We thank the Professional Schools of the University of Mindanao for the research grant afforded to this study. The first author also acknowledges the permission extended by MASS-SPECC Cooperative Development Center in the survey conducted during its General Assembly.

Conflict(s) of Interest Statement

The authors declared no conflict(s) of interest during the conduct, and in the publication, of this study.

About the Author(s)

Rotsen T. Cuevas (MBA) is a Certified Public Accountant (CPA) and is a Finance Adviser of MASS-SPECC Cooperative Development Center. Her primary role is conducting financial diagnostics of partner cooperatives, analyzing data gathered, and preparation of recommendations. She holds an MBA which she finished from the Professional Schools, University of Mindanao, Philippines.
John Vianne B. Murcia (PhD) is an Associate Professor of Marketing and Business Analytics at the College of Business Administration Education and the Professional Schools of the University of Mindanao, Davao City, Philippines. He also heads the Institute of Economy and Enterprise Studies and coordinates the MBA for Overseas Filipino Workers (OFWs) program of the same institution.

References


Brennan, D., 2014. Does the style of management affect the way staff members carry out their work?. *Enquiry.*


Dogarawa, A.B., 2010. The role of cooperative societies in economic development. *Available at SSRN 1622149*.


Ng, C. and Ng, E., 2009. ‘Balancing the democracy dilemmas: Experiences of three women workers’ cooperatives in Hong Kong’, *Economic and Industrial Democracy, 30*, pp. 182–206.


Rotsen T. Cuevas, John Vianne B. Murcia
BOARD OF DIRECTORS’ PREFERRED ATTRIBUTES OF A
COOPERATIVE MANAGER: MINDANAO, PHILIPPINES CONTEXT


White, E., 2005. Future CEOs may need to have broad liberal-arts foundation. *Wall Street Journal B, 4*.


