

# Assessment of The Leadership Practices of The Board of Directors and Managers and Its' Effect on the Operation

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**Abstract:** Assessment of the Leadership Practices of the Board of Directors and Managers and its Effect on the Operation intends to look into the Board of Directors and Managers Profile, their leadership practices, and the operational performance of cooperatives. Purposive Sampling Technique was used in selecting the respondents and Mixed Method was used in gathering the data. The respondents of the study were the selected cooperatives in Claveria, Jasaan and, Villanueva Misamis Oriental. The respondents' ages were 60 years old and above and mostly were male in Claveria and female in Villanueva. Among the five leadership styles, the three municipalities fall on the category of "Quite Often". Coop 6 of Claveria has the highest overall Return on Investment with 39.30%. Coop 1 in Jasaan with ROI of 22.6% and Coop 2 in Villanueva has an ROI of 17.80%. The cooperative contribution in Claveria was on the environment with 81.82% (2016 and 2017), and Social responsibility was identified in Villanueva and Jasaan with 100%. Increase in net worth was identified as target of the three cooperatives and attained more than the set target. Leadership practices ( $F = 62, p = .042$ ) influenced return on investment. Encouraging the heart came out as a significant predictor.

**Keywords:** *community contribution, impact on operation, leadership practices, return on investment*

## INTRODUCTION

The Cooperative Board of Directors (BOD) and Managers have the primary legal authority for the organization. They represent their members, establish policies and maintain the cooperative character of the business. They have top-level decision control to oversee the cooperative.

Simply stated, the main purpose of a cooperative board of directors and managers is to set grand strategic goals and develop an overarching vision for the organization. The board comes together to set organizational objectives for upper-level managers, who translate grandstrategic goals into more measurable and specific objectives. The board of directors bears the responsibility for moving the organization in a productive direction, as defined by the cooperatives' strategic goals. Thus, this research is conducted to determine the leadership practices of the board of directors and their effect to the cooperative operation.

This research assessed the leadership practices of the board of directors and managers and its effect to the operation in selected cooperatives in Misamis Oriental. This study hopes to contribute to the dearth of studies on the success and sustainability of cooperatives in Misamis Oriental in terms of attainment of targets, community contribution and profitability.

## OBJECTIVES

This study intends to look into the operation of cooperatives in Misamis Oriental as influenced by the leadership practices of the Board of Directors and Managers. Specifically, it aimed to;

1. Determine the Board of Directors and Managers Profile in terms of their;
  - a. Age
  - b. Gender
  - c. Educational Attainment
2. Determine the Leadership Practices of the Board of Directors and Managers interms of:
  - a. Modeling the Way;
  - b. Inspiring the shared vision;
  - c. Challenging the process;
  - d. Enabling others to act; and
  - e. Encouraging the heart
3. Measure the operational performance of the cooperative in terms of;

- a. Profitability (ROI)
  - b. Attainment of Targets/Objectives
  - c. Community Contribution.
4. Determine if there is a significant relationship between Leadership practices and return on investment.

## REVIEW OF LITERATURE

### *Leadership and Organizational Performance.*

Organizational success or failure is mostly dependent on the leadership style (Ukaidi,2016). The organization will function well when management employs a proper leadership style. Therefore, harmony should be created between workers, management, and the task environment. Ukaidi further recommends that democratic, participatory, and supportive leadership should exist within the organization and leaders should set vibrant high-performance organizational culture through interpersonal relations dialogues, and transparency. Leaders should adopt effective communication patterns to produce enthusiasm and foster an atmosphere of confidence within the organization. Many studies on leadership and organizational performance posited that leadership traits and behavioral paradigm of the top management affect organizational performance (Argyris, 1995: Mahoney et al, 1960).

Leadership style impacts the organization by affecting employee morale, productivity, decision-making speed, and metrics (Duggan,2015). Productivity includes decreased errors, minimized waste, and increased customer satisfaction.

### *Leadership Concepts*

Effective Leadership is the key to success – defined regarding organizational and managerial effectiveness, financial results, or people's morale and happiness, or all of these (Gill, 2012). He also defined a leader as one who selects, equips, trains, and influences one or more followers who have diverse gifts, abilities and skills and focuses the followers to the organization's mission and objectives causing the followers to be willing and enthusiastic about expanding its spiritual, emotional and physical energy in a concerted and coordinated effort to achieve the organizational mission and objectives. He also added that leaders develop and facilitates the achievement of the mission and vision, develop values required for long-term success and implement these via appropriate actions and behaviors.

Leadership is a process by which an executive can direct, guide and influence the behavior and work of others toward the accomplishment of specific goals in a given situation (Adair, 2002). Leadership is an ability of a manager to include the subordinates to work with confidence and zeal. He also defined leadership as the capacity to influence a group realization of the goal. Leaders are required to develop the future, vision and to motivate the organizational members to want to achieve the visions and to improve the performance. According to Adair, "Leadership is the ability to persuade others to seek defined objectives enthusiastically. It is the human factor which binds a group together and to improve their performance and to direct them towards goals". As viewed by others, leadership is a social influence process through which one individual exerts influence intentionally over others to structure the behaviors and relationship within a group or organizations (Ukaidi, 2016). Yukl(1994) speak out that the specific construct of leadership varies considerably. For instance, over the past years, leadership has been regarded as personal traits, individual behavior, interpersonal influence, situational factors and a combination of these.

Leadership was separated from questions of effectiveness and direction of influence (Spillane, 2012). Leadership refers to activities tied to the core work of the organization that is designed by organizational members to influence motivation, knowledge, and practices of other members of the organization. Influence relationships which are not tied to the core work of the organization, such as one teacher influencing another to join weight watchers would not count as leadership in this definition. The term leadership is reserved either for activities that administrators, teachers, or students understand as influencing them, all in the service of the organization's core work.

Leadership is considered from this communicative perspective, and define leader's communication style as a distinctive set of interpersonal communicative behaviors geared toward the optimization of hierarchical relationships to reach a certain group of individual goals (Vries, et al., 2009).

Leadership has a direct cause and effect relationship between the organizations and their success (Germano, 2010). Leaders determine values, culture, change tolerance and employee motivation. They shape institutional strategies including their execution and effectiveness. Leaders can appear at any level of an institution and are not exclusive to management. Successful leaders do, however, have one thing in common. They influence those around them to reap maximum benefit from the organization's resources, including its most vital and expensive: its people. The business writer Daniel categorize different leadership styles. He suggested that leadership styles can be explained on a scale ranging from autocratic through democratic to participative to show the degree of authority and decision.

Andrew J. Dubrin, in his book *Leadership: Research Findings, Practice, and Skills*, stated that the modern study of leadership emphasizes a relationship between the leader and the people. In the words of a popular leadership theorist Ken Blanchard, "Leadership is not something you do to people, but it is something you do with them". According to John P. Kotler, a prominent

theorist, managers must know how to lead as well as manage. Without being led as well as managed, organizations face the threat of extinction. Leadership also deals with the interpersonal aspects of a manager's job. It also deals with change, inspiration, motivation, and influence.

That Transformational Leadership is a strong predictor of performance, satisfaction and commitment within organizations by building commitment, empowerment and higher degree of respect and trust for the leader (Kieu, 2010 and Hurduzeu, 2015).

That working condition is essential in ensuring employees' performance in an organization. The attainment of optimal employees' performance and organizational goals is the prime responsibility of both the management and the employee of the organization (Chaudhari and Pandey, 2012). On the other hand, Ezejiofor and Okoye (2013) emphasized that human resource development is the engagement of people to work to achieve sales growth and profitability.

That leadership style affects employee performance and productivity (Nanjundeswaraswamy and Swamy, 2014). Iqbal, N., Anwar, S., and Haider, N. (2015) on the other hand, emphasized that autocratic leadership is beneficial in the short-term and democratic style is useful. They also added that participation leadership style is most useful in long-term and its effect on employees is positive.

## CONCEPTUAL FRAMEWORK

The study was anchored on the theory and concept that the leadership practices of the board of directors and managers are confluent with the operational performance of the organization, such as attainment of targets, community contribution and profitability specifically on its return on investment.

### INDEPENDENT VARIABLES

### DEPENDENT VARIABLES

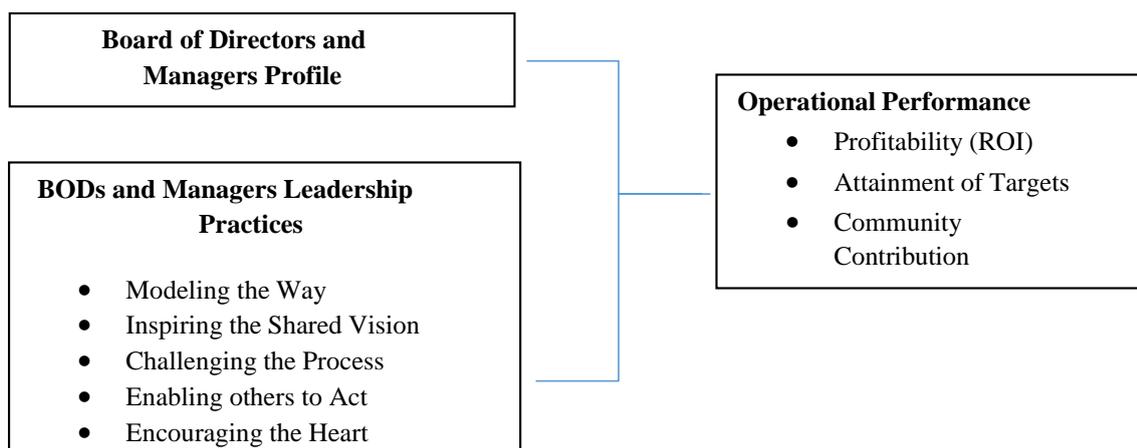


Figure 1 Schematic Presentation of the Study showing the Interplay of the Independent and Dependent Variables of the Study

## MATERIALS AND METHODS

### ➤ Setting

The study was conducted in selected municipalities in Misamis Oriental, specifically Claveria, Villanueva and Jasaan.

### ➤ Sampling Procedure

Purposive Sampling technique was employed in selecting the respondents.

### ➤ Participants of the Study

The respondents of the study include all Board of Directors and Managers of the selected cooperatives in Misamis Oriental, focused on the cooperatives with more than five (5) years of operation, having a total asset of more than one million pesos and registered to Cooperative Development Authority (CDA). As of this date, there were 3 cooperatives in Jasaan, 9 in Claveria and 2 in Villanueva, Misamis Oriental who already responded.

### ➤ Instrumentation

Mixed method approach was the main method of data gathering. The study used survey instruments, structured and semi-structured, in data gathering. The Leadership Practices Questionnaire or the Leadership Practices Inventory (LPI) – self is a self- assessment leadership practices questionnaire designed to answer the 5 Leadership Practices. It was designed to measure leadership practices. This questionnaire was adopted from Kouzes and Posner Model.

### ➤ Ethical Consideration

Following the ethical consideration of informed consent, the researcher secured the respondents consent with emphasis on voluntary participation in the study and assured the confidentiality of the data gathered.

### ➤ Data Collection Procedure

After the approval of the proposal, the researchers seek approval from the identified cooperatives through the Federation Cooperatives in the respective municipalities and the respective cooperative BOD's and Managers to proceed with the study. The researchers administered the questionnaires to the respondents. The profile of the organization, return on investment and operational performance were gathered from the organization itself. The data gathered were tallied, computed, and interpreted to draw out the findings of the study. The study used the survey questionnaire, document analysis, and interview & Focus Group Discussion in data gathering.

### ➤ Statistical Technique

The following statistical tools were used in the study:

1. The frequency and percentage distribution were used to quantitatively present the responses of the respondents.
2. The weighted mean of each item of the variable of the study was determined as the average value of the responses of each item in the questionnaire.
3. Pearson's r

## RESULTS AND DISCUSSION

This chapter present the results and discussion of the study.

1. Determine the Board of Directors and Manager's Demographic Profile in terms of their:
  - a. Age

Table 1 shows the respondents' mean age ranges from 40 years old and below and the modal age ranges from 60 years and above. Respondents belonging to the age group of 60 years and above predominate, comprising 49.2% in Claveria and 52.4% in Jasaan, followed by respondents belonging to the age group of 40 to 59 years old with 75% in Villanueva.

Table 1. Age

CATEGORY	Claveria		Jasaan		Villanueva	
	Frequency (N=65)	Percent	Frequency (N=19)	Percent	Frequency (N=12)	Percent
Young (below 40 years)	9	13.9	1	5.3	0	0
Middle age (40 to 59 years)	24	36.9	8	42.3	9	75
Old (60 and above years)	32	49.2	10	52.4	3	25
TOTAL		100.0		100.0		100.0

#### b. Gender

Table 2 reveals that males constituted 55.4 % in Claveria, whereas females constituted 58.3% in Villanueva. Males and females are equally represented in Jasaan.

Table 2. Gender

CATEGORY	Claveria		Jasaan		Villanueva	
	Frequency (N=65)	Percent	Frequency (N=18)	Percent	Frequency (N=12)	Percent
Female	29	44.6	9	50.0	7	58.3
Male	36	55.4	9	50.0	5	41.7
TOTAL		100.0		100.0		100.0

## c. Educational Attainment

Table 3 shows the distribution of respondents according to their educational attainment. Respondents who are high school graduates and college level (27.7%) constituted the majority in Claveria Cooperatives. College graduates (50%) dominated in Jasaan and High School graduates in Villanueva with 58.4%.

Table 3. Educational Attainment

CATEGORY	Claveria		Jasaan		Villanueva	
	Frequency (N=65)	Percent	Frequency (N=18)	Percent	Frequency (N=12)	Percent
Elementary Graduate	2	3.1	2	11.1		
High School Level	6	9.2	3	16.7	1	8.3
High School Graduate	18	27.7	2	11.1	7	58.4
College Level	18	27.7	1	5.6	4	33.3
College Graduate	16	24.6	9	50.0		
Master's degree Holder	5	7.7	1	5.6		
<b>TOTAL</b>		<b>100.0</b>		<b>100.0</b>		<b>100.0</b>

## 2. Determine the Leadership Practices of the Board of Directors and Managers in terms of:

## a. Modeling the Way

Modeling the way means leaders go first. To model the way, leaders need to have a philosophy, a set of high standards by which organizations is measured, a set of principles concerning the way people should be treated, and the way goals should be persuaded that make the organization unique and distinctive (Kouzes and Posner, 1995, 2002). "Model the way" encourage leaders to behave the same way they encourage others to behave, with their voice and values (Kouzes, 2012).

Table 4 shows the practices of the Board of Directors and Managers of the selected cooperatives on leadership practices as to modeling the way. Data were taken from the different cooperatives in the selected municipalities of Misamis Oriental.

Furthermore, the data shows an overall mean of **4.22** in Claveria, **3.91** in Jasaan and **4.0** in Villanueva in which, all falls in the category of **Quiet Often**.

Table 4. Mean of the BOD's and Managers on Leadership Practices – Modeling the Way

INDICATORS	CLAVERIA		JASAAN		VILLANUEVA	
	Mean	Descriptive Rating	Mean	Descriptive Rating	Mean	Descriptive Rating
Is clear about his/her own philosophy of leadership	4.49	Quiet often	4.08	Quiet often	3.99	Quiet often
Breaks down projects into manageable chunks	4.16	Quiet often	3.50	Quiet often	3.91	Quiet often
Make sure that people stick with the values that have been agreed on	4.20	Quiet often	4.40	Quiet often	4.01	Quiet often
Let others know beliefs on how to run the team	4.13	Quiet often	3.55	Quiet often	4.10	Quiet often
Is consistent in practicing the values believed in	4.21	Quiet often	3.88	Quiet often	4.03	Quiet often
Makes sure that work group sets clear goals, make plans and establishes milestones for the projects	4.30	Quiet often	4.02	Quiet often	3.95	Quiet often
<b>OVERALL MEAN</b>	<b>4.22</b>	<b>Quiet often</b>	<b>3.91</b>	<b>Quiet often</b>	<b>4.00</b>	<b>Quiet often</b>

Legend:

Range	Description	Interpretation
4.51 – 5.00	If done 76% to 100% of the time	Always
3.51 – 4.50	If done 51% to 75% of the time	Quiet Often
2.51 – 3.50	If done 26% to 50% of the time	Sometimes
1.51 – 2.50	If done 1% to 25% of the time	Once in a while
1.00 – 1.50	If done 0% of the time	Never

The table further reveals that the highest score mean of Claveria was “*Is clear about his/her own philosophy of leadership*” (M=4.49, Quiet Often), while for Jasaan was “*Make sure that people stick with the values that have been agreed on*” (M=4.40, Quiet Often) and “*Let others know beliefs on how to run the team*” (M=4.10, Quiet Often) for Villanueva. This transformational leadership approach is mostly practiced as observed by the Board of Directors and Managers themselves. Leadership is viewed as a social influence process through which one individual exerts influence intentionally over others to structure the behaviors and relationships within a group or organization (Ukaidi, 2016). In this study, the Board of Directors and Manager have a high regard considering the consistent practice of making goals, ensuring that people stick to the values agreed upon and setting of standards.

#### b. Inspiring the shared vision

The leadership practices on Inspiring a Shared Vision is vital for bringing people in any organization together to foster a commitment to a shared future they seek to create (Kouzes and Posner, 1995, 2002). “Inspire a shared vision” focuses on developing a vision and series of goals that everyone at the organization cares about and works towards collectively, with the clear understanding (Kouzes, 2012). Table 5 shows the practices of the Board of Directors and Managers of the selected cooperatives on leadership practices as to Inspiring the Shared Vision. Data were taken from the different cooperatives in the selected municipalities of Misamis Oriental.

Furthermore, the data shows an overall mean of 4.22 in Claveria, 3.82 in Jasaan and 3.97 in Villanueva in which, all falls in the category of Quiet Often. The table further reveals that the highest score mean of Claveria was “Looks ahead and forecast what he expects the future to be like” (M=4.33, Quiet Often), while for Jasaan was “Describes the kind of future teams create” (M=4.16, Quiet Often) and “Shows to others how their long-term future interests can be realized by investing in the common vision.” (M=4.16, Quiet Often) in Jasaan and Villanueva with the mean of (M=4.09, Quiet Often). It is said that a leader regardless of the diversity of abilities and skills of people they work with is able to select, equip, train, and influence one or more followers who have diverse gifts, capabilities and potentials and direct the followers focus on the organization’s vision, mission, goals and objectives (Dubrin, 2012). Leadership is the ability to persuade others to seek defined objectives enthusiastically. It is the human factor which binds a group together and to improve their performance and to direct them towards goals. In this study, board of directors and manager were observed to create the kind of future where the organization grows.

Table 5. Mean of the BOD’s and Managers on Leadership Practices – *Inspired the Shared Vision*

INDICATORS	CLAVERIA		JASAAN		VILLANUEVA	
	Mean	Descriptive Rating	Mean	Descriptive Rating	Mean	Descriptive Rating
Describes the kind of future teams create.	4.25	Quiet often	4.16	Quiet often	4.05	Quiet often
Appeals to others to share the unit’s dream of what the future can be like.	4.10	Quiet often	3.59	Quiet often	3.82	Quiet often
Communicates clearly, a positive and hopeful outlook for the future of the Organization	4.25	Quiet often	3.59	Quiet often	3.90	Quiet often
Shows to others how their long-term future interests can be realized by investing in the common vision.	4.20	Quiet often	4.16	Quiet often	4.09	Quiet often
Looks ahead and forecast what he expects the future to be like	4.33	Quiet often	3.58	Quiet often	4.03	Quiet often
Is contagiously excited and enthusiastic about future possibilities	4.22	Quiet often	3.84	Quiet often	3.96	Quiet often
<b>MEAN</b>	<b>4.22</b>	<b>Quiet often</b>	<b>3.82</b>	<b>Quiet often</b>	<b>3.97</b>	<b>Quiet often</b>

c. *Challenging the process*

In challenging the process, leaders show a willingness to challenge the system to turn these ideas into actions and to get new products, processes, and services adopted (Kouzes and Posner, 1995, 2002). This process encourages people to think “outside the box” and to motivate them to be innovative and to make a change (Kouzes, 2012). Table 6 shows the practices of the Board of Directors and Managers of the selected cooperatives on leadership practices as to Challenging the Process. Data were taken from the different cooperatives in the selected municipalities of Misamis Oriental.

Furthermore, the data shows an overall mean of **4.20** in Claveria, **4.02** in Jasaan and **3.96** in Villanueva in which, all falls in the category of **Quiet Often**. The table further reveals that the highest score mean of Claveria was “Looks for innovative ways for teams to improve IGU practices” (**M=4.24, Quiet Often**), while for Jasaan was “Looks for opportunities that test skills and abilities” (**M=4.39, Quiet Often**) and (**M=4.19, Quiet Often**) for Villanueva. Kouzes et al. (1995, 2002) said that leaders need to demonstrate their willingness to challenge the status quo.

Table 6. Mean of the BOD's and Managers on Leadership Practices – *Challenging the Process*

INDICATORS	CLAVERIA		JASAAN		VILLANUEVA	
	Mean	Descriptive Rating	Mean	Descriptive Rating	Mean	Descriptive Rating
Looks for opportunities that test skills and abilities	4.18	Quiet often	4.39	Quiet often	4.19	Quiet often
Stays up to date on new developments in his field or for the Income Generating Unit	4.20	Quiet often	4.33	Quiet often	3.76	Quiet often
Challenges the way people do things at work	4.22	Quiet often	3.65	Quiet often	3.81	Quiet often
Looks for innovative ways for teams to improve IGU practices	4.24	Quiet often	4.16	Quiet often	4.07	Quiet often
Asks' what can we learn when things do not go as expected	4.23	Quiet often	4.02	Quiet often	3.86	Quiet often
Asks risks with the way things are done even if there is a risk of failure	4.14	Quiet often	3.57	Quiet often	4.08	Quiet often
<b>MEAN</b>	<b>4.20</b>	<b>Quiet often</b>	<b>4.02</b>	<b>Quiet often</b>	<b>3.96</b>	<b>Quiet often</b>

Legend:

Range	Description	Interpretation
4.51 – 5.00	If done 76% to 100% of the time	Always
3.51 – 4.50	If done 51% to 75% of the time	Quiet Often
2.51 – 3.50	If done 26% to 50% of the time	Sometimes
1.51 – 2.50	If done 1% to 25% of the time	Once in a while
1.00 – 1.50	If done 0% of the time	Never

The board of directors and managers of the selected cooperatives in the three municipalities, as shown in the table (6), are not contented with what they are now as cooperative. They look for opportunities on how they can improve the organization, not only the income, but as well as their members. This is also the reason why they encourage their members to attend trainings/seminars, not only to help in improving their cooperatives, but at the same time their capacities.

d. *Enabling others to act*

Enabling others to act means involve others in planning and give them freedom of choice in the decision-making (Kouzes and Posner, 1995, 2002). “Enable others to act” is trust-based, encouraging leaders to create a safe and trusting environment for people to collaborate, experiment and engage (Kouzes, 2012). Table 7 shows the practices of the Board of Directors and Managers of the selected cooperatives on leadership practices as to Challenging the Process. Data were taken from the different cooperatives in the selected municipalities of Misamis Oriental.

Furthermore, the data shows an overall mean of **4.20** in Claveria, **3.66** in Jasaan and **3.99** in Villanueva in which, all falls in the category of **Quiet Often**. The table further reveals that the highest score mean of Claveria was “Gets others to feel a sense of ownership for the projects they work in” (**M=4.27, Quiet Often**), while for Jasaan was “Gives people a lot of discretion to make their own decisions” (**M=4.04, Quiet Often**) and “Develops co-operative relationships with people work with” (**M=4.19, Quiet**

**Often**) for Villanueva.

Table 7. Mean of the BOD's and Managers on Leadership Practices – *Enabling others to act*

INDICATORS	CLAVERIA		JASAAN		VILLANUEVA	
	Mean	Descriptive Rating	Mean	Descriptive Rating	Mean	Descriptive Rating
Involves the team in planning the action that the organization will be taking	4.11	Quiet often	3.36	Sometime	3.93	Quiet often
Treats all members of team with dignity and respect	4.21	Quiet often	3.75	Quiet often	3.84	Quiet often
Gives people a lot of discretion to make their own Decisions	4.21	Quiet often	4.04	Quiet often	4.04	Quiet often
Develops co-operative relationships with people work with	4.20	Quiet often	3.66	Quiet often	4.19	Quiet often
Creates an atmosphere of mutual trusts in the project led	4.24	Quiet often	3.32	Sometime	3.95	Quiet often
Gets others to feel a sense of ownership for the projects they work in	4.27	Quiet often	3.84	Quiet often	4.02	Quiet often
<b>OVERALL MEAN</b>	<b>4.20</b>	<b>Quiet often</b>	<b>3.66</b>	<b>Quiet often</b>	<b>3.99</b>	<b>Quiet often</b>

Legend:

Range	Description	Interpretation
4.51 – 5.00	If done 76% to 100% of the time	Always
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1.00 – 1.50	If done 0% of the time	Never

Leadership is best manifested when an executive can direct, guide, and influence the behaviour and work of others toward the accomplishment of specific goals in a given situation (Adair, 2002). Leadership likewise demands the ability of a manager to include the subordinates to work with confidence and zeal. Leadership can be defined as the capacity to influence a group realization of the goal. Andrew J. Dubrin, in his book "Leadership emphasizes a relationship between the leader and the people being led. In the words of popular leadership theorist Ken Blanchard (2010), "Leadership isn't something you do to people, it's something you do with them." The above authors support Kouzes et al. Leadership model as tested in this study. Board of directors and managers treats the people they work with dignity and respect and emphasizes good relationship with them. They also believe that letting the assembly feel the sense of ownership towards their cooperative, that is allowing them to participate in making decision for the coop for instance, may give a positive effect to the members and will motivate them to become a responsible owner/member of the organization.

#### e. *Encouraging the heart*

"Kouzes (2012) cites that this practice "Encouraging the heart", is the most uncommonly seen in leadership roles. Encouraging the heart means that leaders should encourage and motivates people to achieve the goals set by the organization. Successful leaders have high expectations for themselves and their employees. By influencing employee motivation, leaders attach rewards and recognition to job performance (Kouzes and Posner, 1995, 2002). Table 8 shows the practices of the Board of Directors and Managers of the selected cooperatives on leadership practices as to encouraging the heart. Data were taken from the different cooperatives in the selected municipalities of Misamis Oriental.

Furthermore, the data shows an overall mean of **4.23** in Claveria, **3.83** in Jasaan and **3.91** in Villanueva in which, all falls in the category of **Quiet Often**.

The table further reveals that the highest score mean of Claveria was "Make a point of telling the rest of the organization about the team's good work" (**M=4.34, Quiet Often**), while for Jasaan was Recognizes individuals' contribution to the success of the team's

work” (M=4.40, Quiet Often) and “Gives team members lots of appreciation and support for their contributions” (M=4.04, Quiet Often) for Villanueva. Gill (2012) believed that leadership is using personal power to win the hearts and minds of people to achieve a common purpose, the minds-by giving people a clear understanding of what they have to do, why, and how it might be done; the hearts-by generating feelings of challenge, involvement, ownership, commitment and excitement. Similarly, in this study the approach to the heart of Board of Directors and Managers to people they work with were very evident in the responses disclosed in the study.

Board of directors and managers in the selected cooperatives practice “encouraging the heart”. As shown in the results, the BODs and managers touches the heart of each member by appreciating them once a certain task is properly done. The annual assembly becomes the avenue for the performing members to be honored, which becomes a motivation to other members to perform well. It is also where members know how the cooperative performs which gives the members the idea on how they can contribute more for the organization’s success.

Table 8. Mean of the BOD’s and Managers on Leadership Practices – *Encouraging the Heart*

INDICATORS	CLAVERIA		JASAAN		VILLANUEVA	
	Mean	Descriptive Rating	Mean	Descriptive Rating	Mean	Descriptive Rating
Takes time to celebrate when project milestone is reached	4.12	Quiet often	3.64	Quiet often	3.97	Quiet often
Recognizes individuals’ contribution to the success of the team’s work	4.24	Quiet often	4.40	Quiet often	3.86	Quiet often
Praises people for a job well Done	4.23	Quiet often	3.67	Quiet often	3.92	Quiet often
Gives team members lots of appreciation and support for their contributions	4.26	Quiet often	3.69	Quiet often	4.04	Quiet often
Finds ways to celebrate team accomplishments	4.17	Quiet often	3.85	Quiet often	3.92	Quiet often
Make a point of telling the rest of the organization about the team’s good work	4.34	Quiet often	3.73	Quiet often	3.78	Quiet often
<b>MEAN</b>	<b>4.23</b>	<b>Quiet often</b>	<b>3.83</b>	<b>Quiet often</b>	<b>3.91</b>	<b>Quiet often</b>

Legend:

Range	Description	Interpretation
4.51 – 5.00	If done 76% to 100% of the time	Always
3.51 – 4.50	If done 51% to 75% of the time	Quiet Often
2.51 – 3.50	If done 26% to 50% of the time	Sometimes
1.51 – 2.50	If done 1% to 25% of the time	Once in a while
1.00 – 1.50	If done 0% of the time	Never

3. Measure the operational performance of the cooperative in terms of;

a. Profitability (ROI)

Table 9 ROI of cooperative in Claveria Misamis Oriental

COOPERATIVE	RETURN ON INVESTMENT (%) **		
	CLAVERIA	JASAAN	VILLANUEVA
1	-10.38	22.6	17.75
2	5.78		17.80
4	5.60		
5	5.22		
6	39.30		
7	3.59		
8	3.44		
11	33.24		

Out of eleven cooperatives as respondents in Claveria, only eight cooperatives submitted their Return on investments data, as

presented in table 9. Table 9 also showed that Coop 6 has the highest in terms of ROI with 39.30%, followed by Coop 11 with 33.24%. Coop 1 was the only cooperative that earns a negative ROI and this was due to the negative ROI of the 1<sup>st</sup> 2 years, but they slowly recovered on the succeeding years.

For Jasaan, only one cooperative out of five shared the data on their Return on Investment with 22.6%. In Villanueva, on the other hand, only two out of five cooperatives shared their data on ROI and it was found out that ROI of Coop 1 was 17.75% and 17.80% for Coop 2 respectively.

#### b. Attainment of Targets/Objectives

Table 10, 11 and 12 shows the performances of selected cooperatives in 3 municipalities. It further reveals that *Increase in Profit is the only target that was attained consistently (5 years)*.

Table 10. Performances of Cooperative in Claveria Misamis Oriental

ITEMS	2016		2017		2018		2019		2020	
	Target	Actual								
Increase profit	10%	10%	5%	5%	10%	15%	10%	15%	10%	5%
increase net worth	20%	4%	1%	0%	-	-	3%	3%	-	-
participated in tree planting	2	2	-	-	-	-	-	-	5%	5%
Amendment of By-Laws	4	4	-	-	-	-	-	-	-	-

Table 11. Performances of Cooperative in Jasaan Misamis Oriental

ITEMS	2016		2017		2018		2019		2020	
	Target	Actual								
Increase profit	10%	10%	2%	3%	10%	15%	5%	10%	5%	10%
increase net worth			1%	0%	-	-			-	-
participated in tree planting	1	1	-	-	-	-	-	-	1	1

Table 12. Performances of Cooperative in Villanueva Misamis Oriental

ITEMS	2016		2017		2018		2019		2020	
	Target	Actual								
Increase profit	10%	10%	5%	5%	10%	15%	10%	15%	10%	5%
increase net worth	2%	4%			-	-	3%	3%	-	-
participated in tree planting	2	2	-	-	-	-	-	-	2	2
Amendment of By-Laws	1	1	-	-	-	-	-	-	-	-

#### c. Community Contribution.

Table 13, 14 and 15 presents the identified community contribution of the three municipalities. In Claveria, contribution to the environment was mostly identified in 2016 and 2017, while social responsibility was identified in 2018, 2019 and 2020. For Villanueva, social responsibility was identified in 2016, 2017, 2018, and 2020. While in Jasaan, social responsibility was identified in 2016, 2017 & 2019.

Table 13. Contribution of cooperatives to the community in Claveria Misamis Oriental

ITEM	2016		2017		2018		2019		2020	
	No. of Coop	%								
Social Responsibility	1	9.09	4	36.36	5	45.45	5	45.45	6	54.54
Environment	9	81.82	6	54.54	3	27.27	3	27.27	3	27.27
Health	-	-	-	-	-	-	1	9.09	2	18.18
Education	1	9.09	-	-	3	-	2	18.18	-	-

Table 14. Contribution of cooperatives to the community in Villanueva Misamis Oriental

ITEM	2016		2017		2018		2019		2020	
	No. of Coop	%	No. of Coop	%	No. of Coop	%	No. of Coop	%	No. of Coop	%
Social Responsibility	1	50	2	100	1	50			2	100
Environment					1	50	1	50		
Health							1	50		
Education	1	50								

Table 15. Contribution of cooperatives to the community in Jasaan Misamis Oriental

ITEM	2016		2017		2018		2019		2020	
	No. of Coop	Percent								
Social Responsibility	1	100	1	100			1	100		
Environment					1	100				
Health									1	100

4. Determine if there is a significant relationship between Leadership practices and return on investment.

$H_0$ : There is no significant relationship between Leadership practices and return on investment.

Table 1 presents the regression analysis of the influence of leadership practices to return on investment. Findings reveal that the whole model is significant ( $F=17.09$ ,  $p = .002$ ). Thus, the null hypothesis can be rejected. Leadership development is one of the most important drivers of profitability because its benefits and failures touch every piece of the business. The profitability depends on those that lead your teams (Crace, 2018). Moreover, 63.11 percent of the variability in the return on investment can be explained by a combination of the components of their leadership style. The remaining 36.89 percent may be attributed to other variables not covered in this study.

Considering the specific predictor variables, only encouraging the heart came out as a significant predictor of return on investment, indicating that for every unit increase in their encouraging the heart, there is a corresponding -17.076 decrease in their return on investment. A highly effective leader should establish rapport and foster a culture of understanding. He ought to be able to connect with and understand his workers. He should be open with his staff about his personal life since it shows that he is a real person. A successful manager shares both the happiness and the sorrow of his team. Additionally, effective leaders frequently remind their team members that they have faith in their talents (Al-Baridie, 2015). Therefore, according to this study, the higher the heart's level of encouragement, the lesser the return on investment. Furthermore, because it affects return on investment, boosting the heart shouldn't be done at such a high level. Although caring about the members or employees is admirable, there should be restrictions, notably regarding the cooperative's monetary unit.

Table 16. Regression Analysis of Leadership Practices influencing Return on Investment

	Unstandardized Coefficients		Standardized Coefficients	T	Sig.
	B	Std. Error	Beta		
Constant	81.091	17.344		4.675	.001
EH	-17.076	4.131	-.794	-4.134	.002
Model Summary					
R = .794	Adjusted R2 = .631	F = 17.09*	p = .002		

## SUMMARY AND CONCLUSION

The study entitled “Assessment of Leadership Practices of the Board of Directors and Managers and its’ effect to the Operation” was conducted to look into the operation of cooperatives in Misamis Oriental as influenced by the leadership practices of Board of Directors and Managers. The respondents of the study include all Board of Directors and Managers of the selected cooperatives in Misamis Oriental particularly in Claveria, Jasaan and Villanueva which has more than five (5) years of operation, having a total asset of more than one million pesos and registered to Cooperative Development Authority (CDA). There were 3 cooperatives in Jasaan, 9 in Claveria and 2 in Villanueva, Misamis Oriental who considered as the respondents of the study. Purposive Sampling Technique was employed in selecting the respondents and Mixed Method approach was the main method for data gathering.

Most of the respondents in Claveria and Jasaan were Old (60 years old and above with 49.2% and 52.4% respectively, while in Villanueva, 75% were at the middle age with 40- 59 years old. Female with 58.3% constituted in Villanueva, Male in Claveria with 55.4% and 50% of Male and Female in Jasaan. 27.7% in Claveria were High school graduate and College level, 50% in Jasaan were College Graduate and 58.4% in Villanueva were High School Graduate. As to modelling the way, Claveria was “*Is clear about his/her own philosophy of leadership*” (M=4.49, **Quiet Often**), while for Jasaan was “*Make sure that people stick with the values that have been agreed on*” (M=4.40, **Quiet Often**). Inspiring the shared vision shows Claveria was “*Looks ahead and forecast what he expects the future to be like*” (M=4.33, **Quiet Often**). In Challenging the process, reveals that the highest score means of Jasaan which “*Looks for opportunities that test skills and abilities*” (M=4.39, **Quiet Often**). Enabling others to act reveals that the highest score mean of Claveria was “*Gets others to feel a sense of ownership for the projects they work in*” (M=4.27, **Quiet Often**) and all falls in the category of **Quiet Often** while in Encouraging the Heart leadership style reveals that the highest score mean for Jasaan was Recognizes individuals’ contribution to the success of the team’s work” (M=4.40, **Quiet Often**).

Coop 6 was the highest in terms of ROI with 39.30% followed by Coop 11 with 33.24% in Claveria, while 22.6% in Jasaan of the Coop 1 and 17.80% in Coop 2 of Villanueva. The attainment of targets in Claveria shows that in year 2016 Increase net worth with 20% was the highest target, while increase in profit with 10% was the highest actual. Increase in profit was the target and attainment of cooperatives in Jasaan and Villanueva which shows the increase 15% actual target in year 2018 and 2019 respectively.

## IMPLICATION/SALIENT FINDINGS

The study does not merely identify the leadership styles practiced by the board of directors and managers, but basically relating these practices to its performance as to income generation, contribution to the community and how this organization attain its targets are the very consideration. The results of the study describe that there are cooperative BODs and managers who practiced good leadership styles and are evident in their income generation and in attaining targets. But it does not always follow that if an organization practices good leadership styles, income generation is good, and attaining targets are met.

Cooperatives are business enterprises owned and controlled by the very members that they serve. Their member-driven nature is one of the most clearly differentiating factors of cooperative enterprises. This fact means that decisions made in cooperatives are balanced by the pursuit of profit, and the needs and interests of members and their communities. (Department of Economic and Social Affairs Cooperative, 2021).

## RECOMMENDATION

1. Strengthen the active participation and commitment of members in the cooperative, there is a need of a refresher seminar on their responsibilities.
2. Improved the leadership style of the Board of Directors and managers of cooperatives as it affects the good result of their profitability.

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