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Structural and cognitive characteristics of the board of directors and the sustainability of microfinance institutions in Cameroon

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ABSTRACT: *This work aims to study the influence of structural and cognitive characteristics of the board of directors on the sustainability of microfinance institutions. We therefore focused on the characteristics of the following board of directors: the separation of control and management functions, the presence of external directors, the presence of specialized committees and the competence of the directors. Therefore, based on a survey of 65 Cameroonian EMFs, our results show that the structural as well as cognitive characteristics of the board of directors mentioned above influence on the one hand credit risk and on the other hand financial performance and therefore the sustainability of these MFIs.*

KEYWORDS: *structural and cognitive characteristics - credit risk - financial performance - sustainability*

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I. INTRODUCTION

Since the early 1990s, the financial sector has expanded with the proliferation of microfinance throughout Central Africa and specifically in Cameroon. Microfinance institutions (MFIs) are emerging as intermediaries that can meet the financial service needs of those who do not have access to banks. In addition, MFIs play a social role through the development of economic activities, business creation or training in the financial sector. Their objective is therefore to fulfil the double mission intended for them: to ensure the social role and sustainability in order to effectively fight against unemployment and poverty in the countries.

The failure of the traditional banking system due to the economic crisis as well as the disengagement of the State through the implementation of an adjustment programme in 1989 favoured the emergence of microfinance institutions in Cameroon. According to the 2000 [1]COBAC survey, Cameroon had about 652 MFIs, most of which were located in the country's major cities (Yaoundé, Douala, Bamenda and Bafoussam), with just over 300,000 clients, or about 7% of the potential market. Over the years, the microfinance sector has experienced a decline in activity, which has led to the closure of several of these structures, and by the end of 2019 there were only about 412 microfinance institutions.

A financier states in this regard in Cameroon info-net[2]: "*The managers are the primary cause of the bankruptcy of MFIs. They are the biggest debtors and because of their position, they do not honour their commitments to the institution they manage, thus condemning the company to certain death to the great dismay of savers*. Thus, the major problem of MFIs in Cameroon is the governance. Poor governance therefore seems to be the primary factor in the dysfunctions observed in MSEs in Cameroon (Djaowé, 2013). The concept of governance generally referred to as *'corporate governance'* is more commonly used in traditional companies. Applied to microfinance, it is defined as '*the process used by the board of directors to help an institution fulfil its mission and protect the assets of that institution over time*' (Rock et al. 1998).There are two distinguished mechanisms that contribute to this objective: internal mechanisms (board of directors, compensation and ownership structure) and external mechanisms (product and service market, financial market, takeover market, regulatory environment). Thus Charreaux (1997) defines the Board of Directors (BoD) as the set of organisational mechanisms that have the effect of delimiting the powers and influencing the decisions of

[1]Creusot Anne-Claude (2006), "L'état des lieux de la micro finance au Cameroun", BIM no. 09 May
[2]Bankruptcy: microfinance institutions worry the banking sector, Cameroon-Info.Net of 20 January 2017 by Géraldine IVAHA.

managers. In other words, it is the mechanisms that govern their conduct and define their discretionary space (Djoutsa Wamba et *al.,* 2014).

Sustainability most often refers to the viability, longevity and durability of the enterprise. Based on the work of Douzounet & Yogo (2012), we can say that sustainability is a cross-cutting theme that refines thinking about the long-term success, performance and profitability of firms.

Several studies have been conducted on MFEs in recent years (Campion and Frankiewicz, 1999; Labie, 2007; Djaowé, 2013; Djoutsa et *al*., 2014). Most of these studies tend to seek and explain the factors of financial and social performance and the causes of internal crisis encountered by MFEs (Fall and Onomo, 2012). Governance is then considered as major determinant in the success or failure of MFEs. We note that very few studies have focused on the effects of board characteristics on the sustainability of MFEs and that most of the existing research has been conducted in Western countries. In the specific case of Cameroon, we can mention Tchakounté's work (2010), Djaowé (2013), Djoutsa Wamba (2014) et *al*, yougang (2018).

All these studies have limits related either to the governance mechanisms used or the independent variables. To this end, **what could be the influence of the structural and cognitive characteristics of the board on the sustainability of MSEs in Cameroon?** The literature on internal control mechanisms highlights a multitude of characteristics of the board of directors that affects the sustainability of companies. To this end, our objective is to identify the structural and cognitive factors of the board and their impact on the sustainability of MSEs in Cameroon. Our work will be articulated around three points: the first part will be devoted to the literature on the board of directors and the basis of our research hypotheses ; the second to the methodology used and the third to the presentation of our results.

II. REVIEW OF THE LITERATURE ON THE STRUCTURE OF THE CA AND RESEARCH HYPOTHESES

The board of directors of a company is part of the broader perspective of corporate governance. It appears as the internal governance mechanism par excellence (Naciri, 2010 ; Fama and Jensen, 1983; Charraux, 1997). Research on corporate governance aims to reach normative conclusions. However, the governance of microfinance institutions differs from that of other firms in some intrinsic characteristics that may have an impact on the motivations of different stakeholders. The board of directors is also considered to be a body responsible for overseeing the situation and management of the institution on behalf of the contributors (COBAC, 2008). On the other hand, Vachon (1995), finds that, *'a Board of Directors is neither more nor less than a team of people gravitating towards the same common goal: the meeting of the objects and mission of the corporation'*. However, the board of directors is characterised by several elements such as: the separation of functions, the presence of external directors, the presence of specialised committees and the competence of directors.

II.1 Characteristics of the board of directors

We are interested in some structural and cognitive characteristics of the board of directors.

➢ **The separation of the functions of Chief Executive Officer and Chairman of the Board of Directors**

Combining the functions of management and chairmanship of the board of directors gives the same person a dual role of management and control. However, it is difficult to be judge and jury at the same time. Gul and Wah (2002) argue that combining the functions of management and board chairmanship increases agency costs, resulting from the accumulation of power in one person and the lack of control. Some authors therefore support cumulation for reasons of efficiency of the management unit and others denounce it as an abuse of power by the manager. For Jensen (1993), the accumulation of positions gives the CEO more power, both formal and informal, to control the board's decisions.

➢ **Presence of external and independent directors**

From an agency perspective, the lack of independence of directors is considered to be the main cause of board failure. Therefore, the composition of the board can influence the level of control exercised by the board; in particular, agency theory advocates the presence of a high proportion of outside directors on the board. If this condition is met, agency costs are minimised and managers are effectively controlled. Thus, for Fama and Jensen (1983), outside directors will have an incentive to perform their control task and will not tend to collude with management in a way that expropriates shareholder wealth. Therefore, the inclusion of outside directors gives the board a greater ability to control management effectively. Existing research on board characteristics and power confirms that independent directors influence board decisions (Weisbach, 1988; Byrd and Hickman, 1992) and is able to detect and limit practices that are not in the interest of all stakeholders.

With regard to the financial sector, Nam (2004) believes that independent directors are the most influential and the only ones who can ensure that financial institutions apply the specific regulations to their activities and that managers do not engage in discretionary behaviour that harms shareholder wealth.

- **Presence of specialised committees**

In the context of fulfilling its mission and according to the needs of the company, the Board of Directors may delegate the examination of certain issues to internal committees created within the Board. The role of each of these committees is to examine in depth the problems falling within its competence and to make proposals to the Board, which has the right and the power to decide. As these committees are considered to contribute to the independence of the Board of Directors, they should be made up of a majority, or in some cases exclusively, of external members.

Klein (1998) considers that the creation of specialised committees oriented towards the control of managers (audit, remuneration and nomination committees) within the board of directors could improve its effectiveness. According to the latter, these specialised committees should be composed of those board members who are most willing to pursue the set objectives. The results of this study show that these committees include a majority of independent directors.

- **Directors' competencies**

Zahra and Pearce (1989) already mentioned the importance of focusing on the cognitive aspects (abilities, knowledge and expertise) of directors. Following the work of Forbes and Milliken (1999) and Rindova (1999), we are increasingly witnessing the emergence of certain works relating the knowledge and skills of directors as a mean of characterising the board and its effectiveness. Thus, knowledge and skills are major determinants of board performance. Skills are most often technical, while knowledge is usually legal, financial and strategic. Thus, knowledge and skills refer to the educational background of directors, their educational path and their experience. The effectiveness of the board is therefore based on a mix of general and specific knowledge.

Sustainability, on the other hand, is very often used to refer to the resilience and success of a business in the early years of its life cycle. Like growth, it is a very common concept in business life today. It evokes success, performance and profitability. Moreover, it is one of the most important objectives for managers. Today, although the history of microfinance provides examples of success, it is still marked by both crisis and failures. This is why the sustainability of MFIs is one of the major concerns of many managers. However, a company is said to be sustainable when it has the capacity to live as long as possible. It is in this perspective that Mignon (2009) defines sustainability as the ability of a company to initiate or cope with external and internal upheavals over the course of its history while preserving the essence of its identity.

II.2 The basis of the research hypotheses

The studies on the problem of the "duality" or combination of the positions of chief executive and chairman of the board of directors present different opinions. Some authors support the combination for reasons of efficiency of the management unit and others denounce it for the abuse of power by the manager. As a result, Simpson and Gleason (1999) show that the probability of bank failure decreases when the functions of the executive and the chairman of the board are in the hands of a single individual. In their view, the combination of these two functions allows the manager to influence the internal control mechanisms in such a way that it reduces the probability of failure. Consistently, the manager, with his or her inclination to act in his or her own interest, limits excessive risk-taking in order to protect human capital. These authors explain that the leader is more risk averse than when he is a BCP. However, proponents of this viewpoint emphasise that the consolidation of these two main management positions allows for a unity of command and leadership at the head of the firm

On the other hand, based on agency theory, several authors believe that the combination of these two positions by a single person reduces the control and monitoring power of board members and increases their dependence on the company's management (Malette et al., 1995; Zajac and Westphal, 1995). The theoretical debate on the effectiveness of having the same person hold the position of CEO and CFO remains open. This debate also concerns the financial sector, where the literature is weak on duality. In the banking sector, *'a board with a strong chairman who does not run the bank's business is more likely to have a healthy influence on the bank's policy than a board whose chairman is also the chief executive'* (Greuning and Bratanovic, 2004). Similarly, within Cameroonian banks and microfinance institutions, observation could show that duality is an obstacle to the sustainability of these institutions. Hence the formulation of the following hypothesis:

H1: The separation of functions between the PCA and the CEO has a positive impact on the sustainability of Cameroonian microfinance institutions

According to Charreaux (2000), the board of directors comprises two types of directors: dependent and independent. Dependent directors, are members of the management team, sit on the board for information purposes, while independent directors provide control. For Boussada and Labaronne (2015), outside directors may serve the interests of shareholders at the expense of other stakeholders and encourage significant risk taking.

According to the agency theory, the presence of external directors in the board reduces conflicts of interest. Their role is to monitor management decisions, assess their credit policy orientations and ask for explanations if the risks undertaken exceed an acceptable level. The board must be independent to be able to carry out its stewardship functions and be effective. Its role is to ensure effective control of the company in order to minimise risk and create value for stakeholders (Njaya and Djoumessi, 2019).

Weisbach (1998) finds that Boards with a large number of directors are less effective because of the information asymmetry that exists between inside and outside directors. "Entrenchment theory suggests that managers will, for example, attempt to paralyse the firm's control systems by putting in place directors who will support their decisions" (Pichard-Stamford, 1998). In contrast, Harris and Raviv (2008) believe that outside directors have the knowledge, motivation and ability to monitor and advise management and ensure the interests of shareholders.

From a disciplinary perspective, the lack of independence of directors is probably considered to be the main cause of board ineffectiveness. However, given the high number of Cameroonian microfinance companies that include external directors on their boards, we formulate the following hypothesis:

H2: The proportion of external directors has a positive impact on the sustainability of Cameroonian microfinance institutions.

In the context of fulfilling its mission and according to the needs of the company, the Board of Directors delegates the examination of certain questions to internal committees created within the Board. These specialised committees are not detachable from the Board of Directors, but they facilitate its operation, contribute effectively to the preparation of decisions and increase its effectiveness. Indeed, in view of the many responsibilities that the Board of Directors has to assume, it sometimes delegates some of these to the specialised committees. These responsibilities relate to financial reporting, the quality of internal control, the identification of associated risk areas and the supervision of auditors' work (Prattdit Hauret and Komarev, 2005). These committees are considered to contribute to the independence of the board of directors and should be composed of a majority, or in some cases exclusively, of external members, as the effectiveness of the board depends in part on their performance.

John and Senbet (1998) point out that the effectiveness of a board of directors can also be affected by its internal administrative structure. Therefore, in the framework of agency theory, the use of external audit is a means of limiting management accounting manipulation and reducing agency costs. A competent and independent committee is able to detect and reveal elements of fraud without being affected by management opportunism.

In our environmental research, we note the presence of these committees within the establishments, but we still do not know the causes of the failure of this sector. To this end, we formulate the following hypothesis:

H3: The existence of specialised committees has a positive influence on the sustainability of microfinance institutions

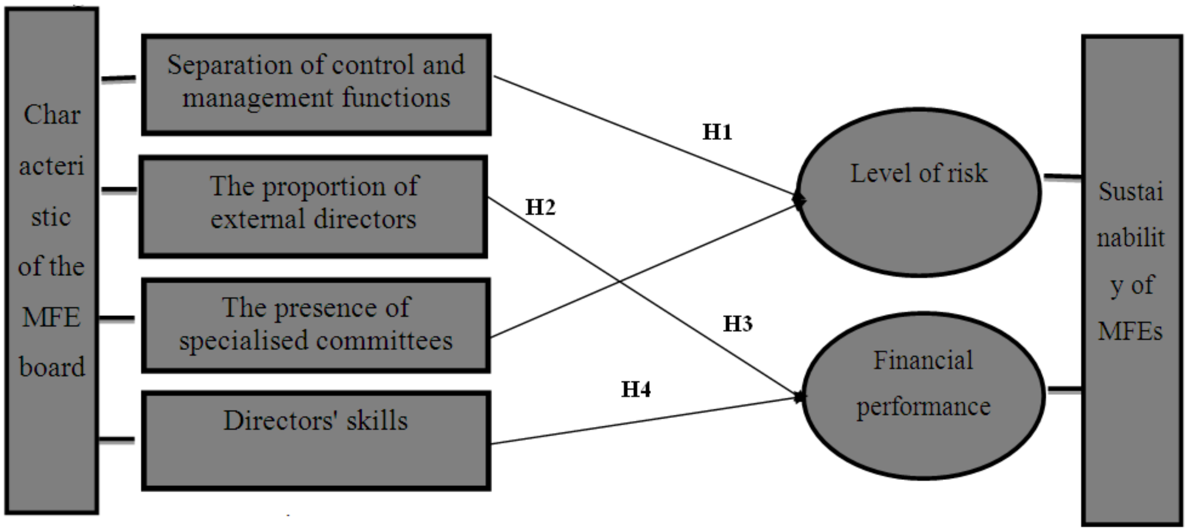
The diversity of the board members is allowed for a better representation of the external environment of the company and therefore for a potential of diverse and rich cognitive resources to participate in the strategic process. This view is supported by the cognitive approach, which emphasises the central role of directors' knowledge (Wirtz, 2006). This perspective emphasises the importance of pooling the knowledge and skills of each director in the service of the firm. According to Charreaux (2003), knowledge constitutes a mode of invention of new productive opportunities. The cognitive approach emphasises the strategic dimension of value creation, particularly the dynamic role of the board in creating new development opportunities (Charreaux, 2002; Wirtz, 2008).

According to Charreaux (2002), ethical, moral and political values can guide the investment choices of actors independently of their cognitive models. These conflicts are associated with costs. Wirtz (2006) distinguishes three kinds of cognitive costs such as mentoring, conviction and residual costs. However, in the cognitive strategic perspective, the composition of the board is revisited. Indeed, the composition should be based on the diversity of cognitive characteristics of directors and no longer on the internal/external distinction. In this respect, characteristics such as general knowledge (in strategy, finance, law, etc.) and knowledge specific to the company, skills, professional experience and expertise take precedence over demographic and structural characteristics (Charreaux, 2000 and 2002). This heterogeneity favours the performance (durability) of the company, hence the following hypothesis:

H4: The skills of directors have a positive impact on the sustainability of Cameroonian microfinance institutions.

Following this review of the literature, our research model is as follow :

Figure 1: Conceptual model of the research



Source: ourselves

III. RESEARCH METHODOLOGY

The research methodology involves the presentation of data collection techniques, measurement of variables and sampling.

III.1. Data collection techniques and measurement of variables

Having opted for a hypothetical-deductive approach, primary data are the most appropriate for this research. Hence the choice of the questionnaire as data collection instrument. Our questionnaire thus started with general questions and ended with more specific questions about the respondent. It was administered face-to-face and the questions were essentially closed-ended, allowing the respondent to choose between several response modalities.

With regard to the measurement of variables, we have two main variables: board characteristics and sustainability. These variables are captured by nominal scales and the 5-point likert scales summarised in the following table:

Table 1: Variable representing characteristics of turnover and sustainability

Variables	Measures
Separation of control and management functions	It takes the value (1) yes if the CEO is PCA and (0) no otherwise
The proportion of external directors	Is a dichotomous variable taking the value 1 if there are external directors in the microfinance board 0 if not
The presence of specialised committees	It takes the value 1 if there are specialised committees and 0 if not
Directors' skills	5-point, 6-item Likert scale
Level of risk	The percentage of unrecovered debt 1 if ≥ 5% and 0 otherwise
Financial performance	5-point, 7-item Likert scale

Source : Ourselves

III.2. Presentation of the sample

Our aim study is to examine the impact of the structural and cognitive characteristics of the board of directors on the sustainability of microfinance institutions in Cameroon. The population concerned by this study is therefore all Cameroonian microfinance institutions approved by COBAC. To this end, any person who is a member of the board of directors of a microfinance institution is entitled to complete our questionnaire. The geographical area of this study is therefore made up of the MFIs located in the cities of Douala, Yaoundé, Bafoussam and Ngaoundéré. These cities are the main economic centres of the country.

Our study population was therefore all MFEs regardless of any other institutional identity. A purposive sample allowed us to administer a total of 112 questionnaires, 65 of which were retrieved and analysed.

III.3. analysis tools

In order to carry out this study, four tools were used to analyse the data. There are: the chi-square test, principal component analysis, the score method and simple linear regression.

As some of our variables are qualitative in nature, we opted for the chi-square test because it is used as test of independence and is measured by comparing the frequencies between two quantities. The principal component analyses were carried out on the metric variables with the aim of factoring the indicators measuring a concept and retaining the most explanatory factors of the phenomenon. It is worth mentioning that the relevance test of the PCA, known as the KMO test, gives a value of 0.702, which is considered very good. In addition, the Bartlett's test of sphericity is 108.923 with a threshold of (0.000). The two selected factors explain 63.24% of the explained variance of all the items. The value of Cronbach's α coefficient forming the axes are 0.767 and 0.737 respectively. These coefficients are satisfactory since the minimum recommended value is 0.60. From this analysis, it appears that the first axis F1 can be called "financial profitability" and the second axis F2 "financial autonomy".

Subsequently, for concepts, we used the score method in order to find an overall score to better understand the concept. In view of the number and nature of the variables involved in some of our research hypothesis, simple regression analysis were carried out in order to test the hypothesis stated above. The results of this test will therefore be assessed using three main indicators: the Pearson coefficient of determination $^{\mathbf{R2}}$ (square of the coefficient of determination R), which expresses the quality of the overall fit, the Fisher-Snedecor **F-test**, which assesses the significance of the coefficient of determination as a function of the number of observations, the Student's **t-test**, which measures the contribution of the explanatory variable to the model, and the regression coefficient **(β), which** allows us to examine whether, for the explanatory variable, there is a significant relationship with the variable to be explained. Finally, the variables are estimated by a linear equation of the type: $\mathbf{Y= aX + b + \varepsilon}$ **.** With **X** the independent variable, **Y** the dependent variable, **b** the constant and the ε statistical error.

IV. Analysis Of The Results

In order to understand the effect of structural and cognitive characteristics of the board on the sustainability of microfinance institutions, we will test our research hypothesis.

IV.1. Chi-square result between separation of functions and risk level

The result of the test relating the separation of control and management functions to the risk level of MNEs (hypothesis **H1**) is contained in the following table:

Table 2: Summary of the results of the chi-square test on hypothesis H1

X2	ddl	sign	phi	C	V
20,081	1	0,000	0,556	0,486	0,556

Source: our analysis

The table shows that the separation of functions has a significant impact on the level of risk (X^2 = 20.081, ddl = 1, prob.= 0.000). Similarly, the phi and C values of 0.556 and 0.486 respectively corroborate this relationship of acceptable intensity. In the end, **hypothesis H1 is validated.** This result is in agreement with the conclusions of Boussaada and Labaronne (2015) and those of Bouaiss and Marsal (2009). The thesis defended by these authors is that the cumulation of functions is a non-efficient structure insofar as it grants only one person the power of control and decision, which increases the level of risk of MFEs. Clearly, the separation of control and management functions would reduce the risk level of Cameroonian microfinance institutions and offer them sustainability in the long term. The advantage of this separation for the owners is that power is not concentrated in the hands of one person, which will therefore reduce opportunistic behaviour by managers and increase profits.

IV.2. Results of the simple linear regression analysis on the presence of external directors and financial performance

We study the impact of the **proportion of external directors on the board of directors on the financial performance of Cameroonian microfinance institutions**.

Table 3: Results of the regression analysis on hypothesis H2

Model	R	R-two	R-two adjusted	Standard error of the estimate	t from student
1	,226a	,051	,036	3,08275	2,844

Source: our analyses

This table shows that the Pearson correlation coefficient between the financial performance score and the proportion of outside directors is 0.226 < 0.5 significant at the 0.005 level. This indicates a significant relationship between the proportion of outside directors and financial performance, although the relationship itself is weak (0.226< 0.5).

The regression results in this table shows that the coefficient of determination R-two indicates a value of 0.051. This value is clearly very low as it is well below 0.5 and therefore considered unsatisfactory. This result means that 5.1% of the variation in performance is explained in the proportion of external directors.
The explanatory power of this regression model is confirmed by the ANOVA results in the table below.

Table 4: Analysis of variance of the regression model between the proportion of external directors and the financial performance of MFIs

Model	Sum of squares	Ddl	Average of squares	F	Sig.
Regression	32,306	1	32,306	3,399	,005b
Residue	598,709	63	9,503		
Total	631,015	64			

Source: Our surveys

This model shows us that the regression model tested between the proportion of external directors and the financial performance of the MFE is favourable because it presents an F-statistic with a value of 3.399 significant at the stakeshold of 0.005 for 1 to 63 degrees of freedom. This leads us to the presentation of the following regression model equation:

Y= 0.226x+31.100

With Y, the financial performance and X, the proportion of external directors
We find that the values of the Student's t-statistic are all higher than 2 the minimum. Similarly, the statistical test shows that the constant and the regression coefficient of the explanatory variable (proportion of external directors) are significantly different from 0 at the p= 0.005 threshold. It can therefore be said that the financial performance of microfinance in Cameroon is correlated with the proportion of external directors.
In view of these results, we can say that **the H2 hypothesis is confirmed**
This result contradicts the results of Greunig and Bratanovic (2004) who show that the presence of outside directors has no effect on bank profitability. This is because outside directors do not influence managerial decisions, they merely support them. Weisbach (1998) finds that Boards with a high number of outside directors are less effective because of the information asymmetry between inside and outside directors. But these results are in line with the findings of Essimi Ngono (2017) who shows that board characteristics have positive impact on the sustainability of MSEs. In the same sense, shareholders concerned about the performance and sustainability of their institution would adopt a board with a high proportion of external directors.

IV.3. Chi-square on the presence of specialised committees and the level of risk

The hypothesis relating the presence of specialised committees to the level of risk of MFEs is hypothesis **H3.** Therefore, to test this hypothesis, we will use the chi-square test whose results are contained in the following table:

Table 5: Relationship between the presence of specialised committees and the level of risk

X2	ddl	sign	phi	C	V
4,322	1	0,038	0,258	0,250	0,250

Source: our surveys

There is a strong correlation between the presence of specialised committees and the level of risk (X^2 = 4.322, ddl = 1, prob.= 0.038), and the values of phi and C respectively of 0.258 and 0.250 corroborate this relationship of acceptable intensity**.** This result is in agreement with the conclusions of Piot and Kermiche

(2009. The thesis defended by these authors is that the existence of specialised committees is a rather efficient structure insofar as it allows for absolute monitoring of the various missions assigned to them, which reduces the level of risk of MFEs. Clearly, the existence of specialised committees would reduce the level of risk of Cameroonian microfinance institutions and offer them sustainability in the long term. The advantage of the existence of these committees for the owners is that they have all the necessary information on the evolution of their activities.

IV.4. Regression analysis of directors' skills and financial performance

The results of the linear regression test on directors' skills and financial performance are contained in the following table:

Table 6: Summary of the regression model between directors' skills and financial performance of MFIs.

Model	R	R-two	R-two adjusted	Standard error of the estimate	t from student
1	,224a	,050	,035	3,08450	1,823

Source: Our surveys

The Pearson correlation coefficient of 0.224 is significant at the 0.004 level. Thus, there is a significant relationship between directors' skills and financial performance of MFEs. The regression analysis presented in Table 20 of our study reveals an R-two coefficient of determination of 0.050. This value is clearly very low as it is much lower than 0.5 as required by the standard. This result means that 5% of the variation in the financial performance of MFIs is explained by the competence of MFI directors. The explanatory power of this model is confirmed by the results of the analysis of variance presented in the table below:

Table 7: Analysis of variance of the regression model between directors' skills and financial performance of MS

Model	Sum of squares	Ddl	Average of squares	D	Sig.
Regression	31,624	1	31,624	3,324	,004b
Residue	599,391	63	9,514		
Total	631,015	64			

Source: our surveys

The results of this regression test between directors' skills and financial performance show a Student's t value of 1.823, which is below the minimum required value of 2. The statistical test shows that the constant and the regression coefficient of the explanatory variable of directors' skills are significant at the p= 0.000 level. It can then be said that the financial performance of the MFE is a positive function of the skills of the directors on the board. This being said, the skills of microfinance directors in Cameroon partly explain the financial performance of these institutions.

The regression model between financial performance and microfinance management skills is represented by the following equation:

$$\mathbf{Y= 32.123+0.703X}$$

With Y, financial performance and X, directors' skills

We find that the sign of this equation is in agreement with the formulation of the hypothesis. To this effect, we can say that **hypothesis H4 of our study is confirmed**

This statement is in line with the results of Sidhoum (2015) who approves the existence of a positive relationship between the composition of the Board of Directors (including the competence of the directors) and the sustainability of Tunisian financial institutions measured by the liquidity ratio and solvency. For him, these results show that the more an institution integrates a new stakeholder in the Board of Directors, the more it is sustainable. This result is also confirmed by Tangakou Soh et *al* (2015) on a sample of Cameroonian banks.

V. Conclusion

This study was prompted by the massive closure of microfinance institutions and especially by the absence of literature on the sustainability of Cameroonian microfinance institutions. To this end, it sets it self the objective of identifying the structural and cognitive characteristics of the board and their impact on the sustainability of MFIs in Cameroon. To achieve this objective, we administered questionnaires to MFEs. This led us to select a sample of 65 institutions. The results of the analysis show:

That a Board in which there is a separation of control and management functions has a positive influence on the level of risk and therefore on the sustainability of MFIs. Clearly, the separation of functions would prevent the MFE from mismanagement and would guarantee its long-term sustainability.

That the presence of external directors is particularly important, because they are essentially guided by the protection of shareholders' interests, which increases the level of financial performance and thus the sustainability of MFIs.

That the presence of specialised committees reduces the level of risk, ensures the long-term sustainability of MFEs and allows for better and faster decision-making.

That the skills of directors influence the financial performance of MFEs. Having the necessary skills on the board will enable the MFE to make the best decisions.

At the end of this research we draw implications at two levels: at the theoretical level and at the managerial level.

From a theoretical point of view, this work allows for the improvement of internal control mechanisms insofar as it proposes a study on the characteristics of the board of directors (structural and cognitive) of microfinance institutions. This study also confirms the capacity of the board of directors to influence the sustainability of Cameroonian MFIs. On the managerial level, as far as the characteristics of the board are concerned, the owners of MFIs (shareholders) should avoid the cumulation of the functions of the CEO and the CCO, i.e. the functions of decision and control. This is because when there is cumulation, the CEO has the capacity to easily defend the projects he has initiated even if they only benefit himself and not the shareholders. Although this research has allowed us to achieve our objectives, it has some limitations.

The first is the size of our sample. Indeed, we only collected 65 usable questionnaires, which poses a problem of representativeness of the sample. The MFIs in our sample were considered as homogeneous, but in reality this is not always the case due to the divergence of categories and legal status, risk-taking and financial performance vary. In conclusion, sustainability also varies.

The second limitation is related to the characteristics of the board of directors used. Indeed, the cognitive aspect was only partially studied because beyond the competence of directors, other aspects of cognition could be addressed such as the role and profile of directors.

Future research should take into account social performance, an aspect that seems to be of greater concern to public authorities when promoting the microfinance sector. Another perspective would be to extend this study on microfinance throughout the CEMAC zone, and a comparative study between traditional banks and MFIs could also be considered.

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