

Supervisory Board in the Governance of Cooperatives: Disclosing Power Elements in the Selection of Directors

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Abstract : The supervisory board is assumed to use power in the governance of a firm, but the actual use of power has been scantily investigated. The research question of the paper is "How does the supervisory board use power in the selection of the board of directors". The data stem from 11 large Finnish agricultural cooperatives. The research approach was qualitative including semi-structured interviews of the board of directors and supervisory board chairpersons. The results were analyzed and interpreted against theories of social power. As a result, the use of power is approached from two perspectives: (1) formal position-based authority and (2) informal power. Central elements of power were the mandate of the supervisory board, the role of the supervisory board, the supervisory board chair, the nomination committee, collaboration between the supervisory board and the board of directors, the role of regions and the role of the board of directors. The study contributes to the academic discussion on corporate governance in cooperatives and on the supervisory board in the context of the two-tier model. Additional research of the model in other countries and of other types of cooperatives would further academic understanding of supervisory boards.

Keywords : board, co-operative, supervisory board, selection, director

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